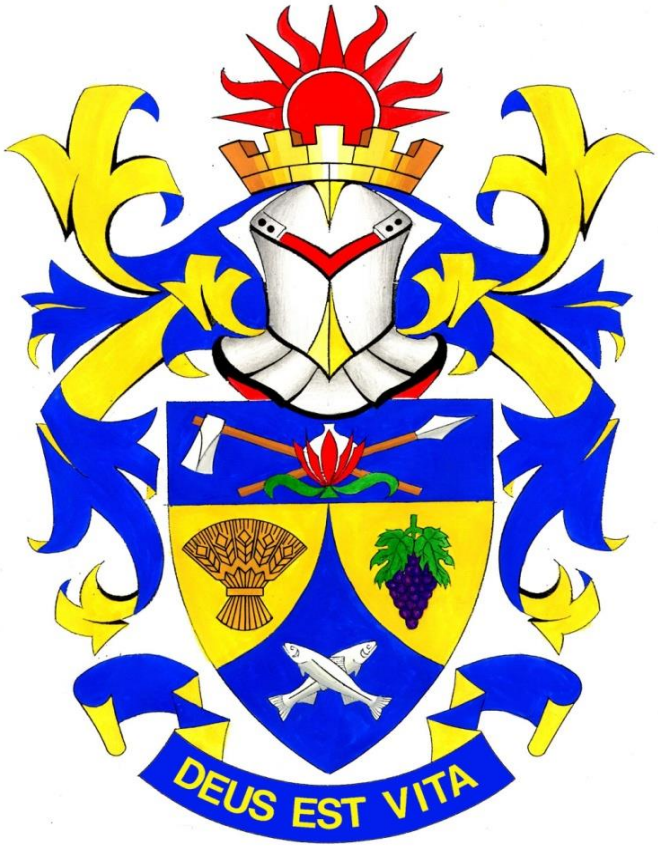
BERGRIVIER
MUNICIPALITY



DRAFT ANNUAL REPORT 2013/2014
VOLUME 2

FINANCIAL STATEMENTS

30 JUNE 2014

BERGRIVIER MUNICIPALITY

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BERGRIVIER MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

Bergrivier Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Bergrivier Municipality includes the towns of Piketberg, Porterville, Velddrift, Aurora, Eendekuil and Redelinghuys.

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	EB Manuel
Deputy Executive Mayor	SM Crafford
Executive Councillor	A de Vries
Executive Councillor	RM van Rooy

MUNICIPAL MANAGER

Adv. H Linde

CHIEF FINANCIAL OFFICER

JA van Niekerk

REGISTERED OFFICE

P.O. Box 60
PIKETBERG
7320

AUDITORS

Auditor-General
Private Bag X1
Chempet
7442

PRINCIPLE BANKERS

ABSA Bank

ATTORNEYS

De Villiers Van Zyl
Abdurahman De Villiers
Swemmer & Levin
Jacques Ehlers Prokureurs

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

BERGRIVIER MUNICIPALITY

MEMBERS OF THE BERGRIVIER MUNICIPALITY

WARD	COUNCILLOR
1	JA Raats
2	WJ Dirks
3	JC Botha
4	RM van Rooy
5	DJ Smith
6	CJ Snyders
7	SM Crafford
Proportional	EB Manuel
Proportional	A de Vries
Proportional	SR Claassen
Proportional	SIJ Smit
Proportional	A Maarman
Proportional	C Snyders

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 94 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

H Linde

Adv. H Linde
Municipal Manager

29 August 2014
Date

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON BERGRIVIER MUNICIPALITY

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Introduction

1. I have audited the annual financial statements of Bergrivier Municipality set out on pages X to X, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA), the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bergrivier Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during the 2013 - 2014 financial year in the financial statements of Bergrivier Municipality at, and for the year ended, 30 June 2013.

Additional matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

10. The supplementary information set out on pages 95 to 99 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2014:

    - Development priority 1: To budget strategically, grow and diversify our revenue and ensure value for money services on pages 7 to12
    - Development priority 5: To promote the well-being, health, safety and security of our community on pages 28 to 30.
    - Development priority 6: To provide and maintain bulk and service infrastructure that will address backlogs and provide for future development on pages 31 to 35.

14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected development priorities.

Additional matters

18. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected development priorities, I draw attention to the following matter:

Achievement of planned targets

19. Refer to the annual performance report on page 5 to 39 for information for information on the achievement of planned targets for the year.

Compliance with legislation

20. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Assets and Liabilities

21. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for opinion, the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

23. The accounting officer did not timeously address the risk of the asset register being incomplete and inaccurate.

OTHER REPORTS

24. There were no other reports issued at the auditee.

Auditor-General

30 November 2014

Cape Town

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R	2013 R
NET ASSETS AND LIABILITIES			
Net Assets		**229,465,239**	**207,200,481**
Capital Replacement Reserve	**2**	9,556,500	8,721,500
Housing Development Fund	**2**	563,856	558,273
Accumulated Surplus/(Deficit)		219,344,883	197,920,708
Non-Current Liabilities		**115,039,536**	**100,991,446**
Long-term Liabilities	**3**	55,417,515	49,204,444
Non-current Provisions	**4**	26,615,238	25,278,482
Non-current Employee Benefits	**5**	33,006,783	26,508,519
Current Liabilities		**40,737,979**	**32,700,557**
Consumer Deposits	**6**	2,678,978	2,516,101
Current Employee Benefits	**7**	7,398,238	8,031,971
Payables from exchange transactions	**8**	19,510,899	18,428,271
Unspent Conditional Government Grants and Receipts	**9**	7,067,210	197,387
Operating Lease Liability	**20.2**	-	8,477
Current Portion of Long-term Liabilities	**3**	4,082,654	3,518,350
Total Net Assets and Liabilities		**385,242,754**	**340,892,484**
ASSETS			
Non-Current Assets		**290,101,887**	**276,241,057**
Property, Plant and Equipment	**12**	273,698,664	259,803,888
Investment Property	**13**	13,728,760	13,728,760
Intangible Assets	**14**	806,129	837,958
Heritage Assets	**15**	454,012	454,012
Long-term Receivables	**16**	1,414,322	1,416,439
Current Assets		**95,140,867**	**64,651,427**
Inventory	**17**	1,912,110	2,377,361
Receivables from exchange transactions	**18**	36,606,147	29,644,849
Receivables from non-exchange transactions	**19**	20,101,387	17,948,248
Unpaid Conditional Government Grants and Receipts	**9**	-	654,703
Operating Lease Asset	**20.1**	79,199	74,760
Taxes	**10.2**	310,469	619,794
Current Portion of Long-term Receivables	**16**	2,415,418	1,981,455
Cash and Cash Equivalents	**21**	33,716,137	11,350,257
Total Assets		**385,242,754**	**340,892,484**

BERGRIVIER MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
REVENUE			
Revenue from Non-exchange Transactions		**104,805,331**	**85,196,015**
Taxation Revenue		**45,226,662**	**38,288,444**
Property Rates	**22**	45,226,662	38,288,444
Transfer Revenue		**56,175,107**	**46,368,449**
Government Grants and Subsidies	**23**	56,175,107	46,368,449
Other Revenue		**3,403,562**	**539,122**
Fines		3,387,818	539,122
Actuarial Gains	**5**	15,744	-
Revenue from Exchange Transactions		**127,601,224**	**110,261,910**
Service Charges	**24**	113,011,889	98,668,900
Rental of Facilities and Equipment	**25**	3,199,894	2,896,780
Interest Earned - external investments	**26**	1,285,000	550,858
Interest Earned - outstanding receivables	**27**	3,247,079	2,439,794
Licences and Permits		1,907,375	1,694,453
Income for Agency Services		1,803,158	1,615,365
Other Income	**28**	3,145,923	2,394,112
Unamortised Discount - Interest		906	1,648
Total Revenue		**232,406,555**	**195,457,925**
EXPENDITURE			
Employee related costs	**29**	(78,362,940)	(72,424,399)
Remuneration of Councillors	**30**	(4,734,966)	(4,259,364)
Debt Impairment	**31**	(4,484,690)	(436,583)
Depreciation and Amortisation	**32**	(14,935,312)	(14,465,757)
Repairs and Maintenance		(4,239,207)	(4,916,416)
Unamortised Discount - Interest		(1,060,052)	(493,106)
Actuarial Losses	**5**	(3,769,712)	(1,448,695)
Finance Costs	**33**	(9,589,904)	(8,769,614)
Bulk Purchases	**34**	(54,464,890)	(49,527,463)
Grants and Subsidies Paid	**35**	(6,342,310)	(7,286,586)
General Expenses	**37**	(28,604,620)	(23,829,338)
Total Expenditure		**(210,588,603)**	**(187,857,321)**
Operating Surplus for the Year		**21,817,952**	7,600,605
Gains/(Loss) on Sale of Assets	**38**	446,807	(290)
(Impairment loss)/Reversal of impairment loss	**39**	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		**22,264,759**	**7,600,315**

BERGRIVIER MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Capital Replacement Reserve	Housing Development Fund	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 July 2012	**1,350,405**	**918,354**	**197,759,992**	**200,028,752**
Correction of Error - Note 40.10	-	-	(428,585)	(428,585)
Restated balance	1,350,405	918,354	197,331,407	199,600,167
Net Surplus/(Deficit) for the year	-	-	7,600,315	7,600,315
Net Surplus/(Deficit) previously reported	-	-	7,626,722	7,626,722
Effects of Correction of Errors - Note 40.11	-	-	(26,407)	(26,407)
Transfer to/from CRR	11,660,539	-	(11,660,539)	-
Property, Plant and Equipment purchased	(4,289,444)	(339,663)	4,629,107	-
Transfer to Housing Development Fund	-	(20,419)	20,419	-
Restated balance at 30 June 2013	**8,721,500**	**558,273**	**197,920,709**	**207,200,481**
Net Surplus/(Deficit) for the year	-	-	22,264,759	22,264,759
Transfer to/from CRR	3,615,218	-	(3,615,218)	-
Property, Plant and Equipment purchased	(2,780,218)	-	2,780,218	-
Transfer to Housing Development Fund	-	5,584	(5,584)	-
Balance at 30 June 2014	**9,556,500**	**563,856**	**219,344,884**	**229,465,240**

BERGRIVIER MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		43,105,851	38,231,890
Sale of goods and services		108,935,091	94,923,501
Grants		63,699,633	46,185,696
Investment Income		1,285,000	550,858
Other receipts		8,305,918	9,319,228
Cash payments			
Employee costs		(82,311,811)	(75,391,838)
Suppliers		(91,970,628)	(89,908,180)
Finance costs		(5,618,103)	(5,390,196)
Net Cash from Operating Activities	**41**	**45,430,951**	**18,520,960**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(29,063,817)	(18,639,545)
Proceeds on Disposal of Fixed Assets		859,259	-
(Increase)/Decrease in Intangible Assets		(146,894)	(451,862)
(Increase)/Decrease in Long-term Receivables		(430,941)	1,011,630
Net Cash from Investing Activities		**(28,782,393)**	**(18,079,777)**
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		10,443,842	4,049,346
Loans repaid		(4,726,520)	(2,833,270)
Net Cash from Financing Activities		**5,717,322**	**1,216,076**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		22,365,879	1,657,260
Cash and Cash Equivalents at the beginning of the year		11,350,257	9,692,997
Cash and Cash Equivalents at the end of the year	**42**	33,716,136	11,350,257
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**22,365,879**	**1,657,260**

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2014 R	%
ASSETS									
Current Assets									
Cash		3,985,071	12,542,025	16,527,096	-	-	16,527,096	18,704,321	13.17%
Call Investment Deposits		-	-	-	-	-	-	15,011,815	100.00%
Consumer Debtors		36,422,692	8,032,536	44,455,228	-	-	44,455,228	52,341,908	17.74%
Other Debtors		5,769,553	(4,208,644)	1,560,909	-	-	1,560,909	4,755,295	204.65%
Current Portion of long-term receivables		-	-	-	-	-	-	2,415,418	100.00%
Inventory		1,764,692	235,308	2,000,000	-	-	2,000,000	1,912,110	-4.39%
Total Current Assets	**46.2.1**	47,942,007	16,601,225	64,543,233	-	-	64,543,233	95,140,867	47.41%
Non-Current Assets									
Long-term receivables		-	110,000	110,000	-	-	110,000	1,414,322	1185.75%
Investments		-	-	-	-	-	-	-	
Investment Property		12,426,630	2,011,337	14,437,967	-	-	14,437,967	13,728,760	-4.91%
Investment in Associates		-	-	-	-	-	-	-	
Property, Plant and Equipment		265,980,943	1,490,182	267,471,125	-	-	267,471,125	274,152,676	2.50%
Agricultural Assets		-	-	-	-	-	-		
Biological Assets		-	-	-	-	-	-	-	
Intangible Assets		709,024	167,220	876,244	-	-	876,244	806,129	-8.00%
Other Non-Current Assets		-	-	-	-	-	-	-	
Total Non-Current Assets	**46.2.2**	279,116,598	3,778,739	282,895,337	-	-	282,895,337	290,101,887	2.55%
TOTAL ASSETS		327,058,605	20,379,964	347,438,570	-	-	347,438,570	385,242,754	10.88%
LIABILITIES									
Current Liabilities									
Bank Overdraft		-	-	-	-	-	-	-	
Borrowing		3,500,000	(3,500,000)	-	-	-	-	4,082,654	100.00%
Consumer Deposits		2,484,797	(107,382)	2,377,415	-	-	2,377,415	2,678,978	12.68%
Trade and Other Payables		25,845,634	14,759,677	40,605,311	-	-	40,605,311	26,578,109	-34.55%
Provisions		7,501,652	2,139,835	9,641,487	-	-	9,641,487	7,398,238	-23.27%
Total Current Liabilities	**46.2.3**	39,332,083	13,292,131	52,624,214	-	-	52,624,214	40,737,979	-22.59%
Non-Current Liabilities									
Borrowing		45,300,313	3,509,390	48,809,704	-	-	48,809,704	55,417,515	13.54%
Provisions		57,316,858	4,845,882	62,162,740	-	-	62,162,740	59,622,021	-4.09%
Total Non-Current Liabilities	**46.2.4**	102,617,171	8,355,272	110,972,444	-	-	110,972,444	115,039,536	3.66%
TOTAL LIABILITIES		141,949,254	21,647,403	163,596,658	-	-	163,596,658	155,777,515	-4.78%
NET ASSETS									
Accumulated Surplus/(Deficit)		172,142,796	(1,483,994)	170,658,802	-	-	170,658,802	219,344,884	28.53%
Reserves		12,966,555	216,555	13,183,110	-	-	13,183,110	10,120,356	-23.23%
Minorities' Interests		-	-	-	-	-	-		
TOTAL NET ASSETS	**46.2.5**	185,109,351	(1,267,439)	183,841,912	-	-	183,841,912	229,465,240	24.82%

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
								2014	
		R	R	R	R	R	R	R	%
REVENUE									
Property Rates		46,495,569	(635,569)	45,860,000	-	70,000	45,930,000	45,226,662	-1.53%
Property Rates - Penalties & Collection Charges		-	-	-	-	-	-	-	
Service Charges - Electricity Revenue		70,423,220	(599,220)	69,824,000	-	3,000,000	72,824,000	70,666,603	-2.96%
Service Charges - Water Revenue		19,350,200	(1,750,200)	17,600,000	-	1,201,000	18,801,000	19,424,350	3.32%
Service Charges - Sanitation Revenue		5,639,000	571,000	6,210,000	-	4,000	6,214,000	6,451,830	3.83%
Service Charges - Refuse Revenue		10,035,000	444,000	10,479,000	-	25,000	10,504,000	11,786,314	12.21%
Service Charges - Other Revenue		6,993,000	1,207,000	8,200,000	-	(3,880,000)	4,320,000	4,682,791	8.40%
Rental of Facilities and Equipment		2,843,000	(7,000)	2,836,000	-	(24,000)	2,812,000	3,199,894	13.79%
Interest Earned - External Investments		300,000	600,000	900,000	-	-	900,000	1,285,000	42.78%
Interest Earned - Outstanding Debtors		2,700,000	300,000	3,000,000	-	-	3,000,000	3,247,079	8.24%
Dividends Received		-	-	-	-	-	-		
Fines		705,000	148,000	853,000	-	-	853,000	3,387,818	297.17%
Licences and Permits		1,530,000	(380,000)	1,150,000	-	462,000	1,612,000	1,907,375	18.32%
Agency Services		1,754,000	(84,000)	1,670,000	-	-	1,670,000	1,803,158	7.97%
Transfers Recognised - Operational		32,013,500	980,500	32,994,000	-	-	32,994,000	32,866,470	-0.39%
Other Revenue		2,380,000	1,369,500	3,749,500	-	(858,000)	2,891,500	3,162,573	9.37%
Gains on Disposal of PPE		-	-	-	-	-	-		
Total Revenue (excluding capital transfers and contributions)	**46.2.6**	203,161,490	2,164,010	205,325,500	-	-	205,325,500	209,097,918	1.84%
EXPENDITURE									
Employee Related Costs		(81,034,878)	1,385,878	(79,649,000)	-	(177,200)	(79,826,200)	(82,132,652)	2.89%
Remuneration of Councillors		(4,198,126)	(258,874)	(4,457,000)	-	0	(4,457,000)	(4,734,966)	6.24%
Debt Impairment		(917,582)	(418)	(918,000)	-	(0)	(918,000)	(4,484,690)	388.53%
Depreciation and Asset Impairment		(17,225,091)	819,091	(16,406,000)	-	(0)	(16,406,000)	(14,935,312)	-8.96%
Finance Charges		(9,752,000)	(408,000)	(10,160,000)	-	200,000	(9,960,000)	(9,589,904)	-3.72%
Bulk Purchases		(55,903,000)	(907,000)	(56,810,000)	-	(50,000)	(56,860,000)	(54,464,890)	-4.21%
Other Materials		-	-	-	-	-	-		
Contracted Services		-	-	-	-	-	-	-	
Transfers and Grants		(2,566,000)	-	(2,566,000)	-	-	(2,566,000)	(6,342,310)	147.17%
Other Expenditure		(38,231,890)	(2,578,110)	(40,810,000)	-	27,200	(40,782,800)	(33,903,879)	-16.87%
Loss on Disposal of PPE		-	-	-	-	-	-	446,807	
Total Expenditure	**46.2.7**	(209,828,566)	(1,947,433)	(211,775,999)	-	(1)	(211,776,000)	(210,141,796)	-0.77%
Surplus/(Deficit)		(6,667,076)	216,577	(6,450,499)	-	(1)	(6,450,500)	(1,043,878)	-83.82%
Transfers Recognised - Capital		20,533,500	8,990,500	29,524,000	-	-	29,524,000	23,308,637	-21.05%
Contributions Recognised - Capital		-	-	-	-	-	-	-	
Contributed Assets		-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions		13,866,424	9,207,077	23,073,501	-	(1)	23,073,500	22,264,759	-3.51%
Taxation		-	-	-	-	-	-		
Surplus/(Deficit) after Taxation		13,866,424	9,207,077	23,073,501	-	(1)	23,073,500	22,264,759	-3.51%
Attributable to Minorities		-	-	-	-	-	-		
Surplus/(Deficit) Attributable to Municipality		13,866,424	9,207,077	23,073,501	-	(1)	23,073,500	22,264,759	-3.51%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-		
Surplus/(Deficit) for the year		13,866,424	9,207,077	23,073,501	-	(1)	23,073,500	22,264,759	-3.51%

BERGRIVIER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2014	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other		168,427,227	(1,040,187)	167,387,040	-	-	167,387,040	160,183,983	-4.30%
Government - Operating		32,013,500	1,183,000	33,196,500	-	-	33,196,500	32,425,024	-2.32%
Government - Capital		18,973,482	10,550,518	29,524,000	-	-	29,524,000	31,274,608	5.93%
Interest		3,000,000	(2,100,000)	900,000	-	-	900,000	1,285,000	42.78%
Dividends		-	-	-	-	-	-	-	
Payments									
Suppliers and Employees		(175,070,828)	(9,965,181)	(185,036,009)	-	-	(185,036,009)	(167,940,129)	-9.24%
Finance Charges		(13,745,000)	7,436,000	(6,309,000)	-	-	(6,309,000)	(5,618,103)	-10.95%
Transfers and Grants		(2,566,000)	-	(2,566,000)	-	-	(2,566,000)	(6,342,310)	147.17%
Net Cash from/(used) Operating Activities	**46.2.8**	31,032,381	6,064,150	37,096,530	-	-	37,096,530	45,268,074	22.03%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-	859,259	100.00%
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-		
Decrease/(Increase) in Other Non-Current Receivables		-	(110,000)	(110,000)	-	-	(110,000)	(430,941)	291.76%
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	-	
Payments									
Capital Assets		(23,219,182)	(8,290,818)	(31,510,000)	-	-	(31,510,000)	(29,210,711)	-7.30%
Net Cash from/(used) Investing Activities	**46.2.9**	(23,219,182)	(8,400,818)	(31,620,000)	-	-	(31,620,000)	(28,782,393)	-8.97%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans		-	-	-	-	-	-	-	
Borrowing long term/refinancing		1,750,000	-	1,750,000	-	-	1,750,000	10,443,842	496.79%
Increase/(Decrease) in Consumer Deposits		64,665	(172,047)	(107,382)	-	-	(107,382)	162,877	-251.68%
Payments									
Repayment of Borrowing		(9,344,632)	7,604,023	(1,740,610)	-	-	(1,740,610)	(4,726,520)	171.54%
Net Cash from/(used) Financing Activities	**46.2.10**	(7,529,967)	7,431,976	(97,991)	-	-	(97,991)	5,880,199	-6100.73%
NET INCREASE/(DECREASE) IN CASH HELD		283,231	5,095,308	5,378,539	-	-	5,378,539	22,365,879	315.84%
Cash and Cash Equivalents at the year begin:		3,701,839	7,648,418	11,350,257	-	-	11,350,257	11,350,257	0.00%
Cash and Cash Equivalents at the year end:		3,985,071	12,743,726	16,728,796	-	-	16,728,796	33,716,136	101.55%

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The standards are summarised as follows:

REFERENCE	TOPIC
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1 (Revised)	Presentation of Financial Statements
GRAP 2 (Revised)	Cash Flow Statements
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7 (Revised)	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9 (Revised)	Revenue from Exchange Transactions
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics
GRAP 11 (Revised)	Construction Contracts
GRAP 12 (Revised)	Inventories

GRAP 13 (Revised)	Leases
GRAP 14 (Revised)	Events after the reporting date
GRAP 16 (Revised)	Investment Property
GRAP 17 (Revised)	Property, Plant and Equipment
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IGRAP 1 (Revised)	Applying the probability test on initial recognition of exchange revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distribution of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal From of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
Directive 5	Determining the GRAP Reporting Framework
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP

ASB Guide 1	Guideline on Accounting for Public Private Partnerships

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 5 (Revised – Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-Current Assets Held for Sale and Discontinued Operations)	1 April 2014

The Municipality use the following GRAP standard to disclose information in its financial statements:

REFERENCE	TOPIC
GRAP 20	Related Party Disclosures

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

1.6. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 6 (Revised – Nov 2010)	**Consolidated and Separate Financial Statements** The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.	Unknown
GRAP 8 (Revised – Nov 2010)	**Interest in Joint Ventures** The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities. No significant impact is expected as the Municipality is not involved in any joint ventures.	Unknown
GRAP 18 (Original – Feb 2011)	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. Information to a large extent is already included in the appendixes to the financial statements which do not form part of the audited financial statements.	1 April 2015
GRAP 20 (Original – Jun 2011)	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown
GRAP 32 (Original – Aug 2013)	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact expected as any such transactions or events are expected in the foreseeable future.	Unknown
GRAP 105 (Original – Nov 2010)	**Transfer of Functions Between Entities Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact expected as any such transactions or events are expected in the foreseeable future.	1 April 2015

GRAP 106 (Original – Nov 2010)	**Transfer of Functions Between Entities Not Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact expected as any such transactions or events are expected in the foreseeable future.	1 April 2015
GRAP 107 (Original – Nov 2010)	**Mergers** The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact expected as any such transactions or events are expected in the foreseeable future.	1 April 2015
GRAP 108 (Original – Sept 2013)	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
IGRAP 11	**Consolidation - Special Purpose Entities (SPE)** The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Municipality does not have any SPE's at this stage.	Unknown
IGRAP 12	**Jointly Controlled Entities non-monetary contributions** The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	Unknown
IGRAP 17	**Service Concession Arrangements where a grantor controls a significant residual interest in an Asset** The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.8. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The funds in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

1.11. LEASES

1.11.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and

unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.12. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.15. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the

creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.16. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but is not recognised because:

   i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

   ii. the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. This means:

- Provisions for one-off events are measured at the most likely outcome;
- Provisions for large populations of events are measured at a probability-weighted expected value; and
- Both measurements are discounted (where the effect is material) using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

1.17. EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(e) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.18. PROPERTY, PLANT AND EQUIPMENT

1.18.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent

expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.18.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	Years		***Years***
Infrastructure		**Other**	
Roads, pavements and bridges	5-50	Buildings	5-50
Storm Water	5-50	Specialist vehicles	2-10
Electricity	5-50	Other vehicles	2-10
Water	3-100	Office equipment	5-30
Sanitation	5-100	Furniture and fittings	5-30
Waste Management	3-50	Watercraft	15
		Bins and containers	5
Community		Specialised plant and	
Sports fields and Stadia	5-30	Equipment	5-30
Housing	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Emergency equipment	10
Libraries	20-30	Computer equipment	3
Parks and gardens	20-30		
Other assets	15-20		
Finance lease assets			
Office equipment	3		
Other assets	5		
Cell phones	2		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.18.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.19. INTANGIBLE ASSETS

1.19.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or

service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.19.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.19.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	5
Computer Software Licenses	5

1.19.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.20. INVESTMENT PROPERTY

1.20.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.20.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.20.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	30

1.20.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.21. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable.

Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.22. AGRICULTURE

1.22.1. Initial Recognition

A biological asset or agricultural produce is recognised when and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.22.2. Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be bearer biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

1.23. HERITAGE ASSETS

1.23.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.23.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.23.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.23.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.23.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2011.

1.24. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.24.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;

- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.24.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may

no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.25. INVENTORIES

1.25.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.25.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of telemetry readings and the calculated volume in the distribution network.

1.26. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.26.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.26.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost (”other”). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.26.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for

which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.26.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.26.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.26.3. De-recognition

1.26.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired ; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.26.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.26.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.27. REVENUE

1.27.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. It is a subsequent event if the Municipality does not enforce its obligation to collect the revenue. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.27.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the

individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.28. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

(a) identifying the acquirer (Municipality);
(b) determining the acquisition date;
(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
(d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.29. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.30. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful

expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.34. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service

The cost of post-retirement medical obligations and, long service are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 5 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For

other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy 1.27.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.27.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.35. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.36. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.37. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.38. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

		2014 R	2013 R
2.	**NET ASSET RESERVES**		
	RESERVES	10,120,356	9,279,773
	Capital Replacement Reserve	9,556,500	8,721,500
	Housing Development Fund	563,856	558,273
	Total Net Asset Reserve and Liabilities	**10,120,356**	**9,279,773**

2.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

2.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

3.	**LONG TERM LIABILITIES**		
	Annuity Loans - At amortised cost	53,246,092	47,819,689
	Capitalised Lease Liability - At amortised cost	516,674	225,755
		53,762,766	**48,045,444**
	Less: Current Portion transferred to Current Liabilities	**(4,082,654)**	**(3,518,350)**
	Annuity Loans - At amortised cost	(3,807,819)	(3,368,256)
	Capitalised Lease Liability - At amortised cost	(274,835)	(150,095)
		49,680,112	**44,527,094**
	Plus: Unamortised charges on loans	**5,737,403**	**4,677,350**
	Balance 1 July	4,677,350	4,184,243
	Adjustment for the period	1,060,052	493,106
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**55,417,515**	**49,204,443**

3.1 The obligations under annuity loans are scheduled below:

	Minimum payments	
Amounts payable under annuity loans:		
Payable within one year	9,992,488	9,052,079
Payable within two to five years	34,297,362	30,433,911
Payable after five years	66,759,498	69,816,484
	111,049,348	109,302,474
Less: Future finance obligations	(57,803,255)	(61,482,786)
Present value of annuity loans obligations	**53,246,093**	**47,819,689**

3.2 The obligations under finance leases are scheduled below:

	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	321,273	169,393
Payable within two to five years	252,848	80,802
Payable after five years	-	-
	574,121	250,195
Less: Future finance obligations	(57,446)	(24,440)
Present value of finance lease obligations	**516,674**	**225,755**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Telkom SA Ltd	Telephone System	11%	0%	36 Months	30/16/2016
Auto Page Cellular	Cell Phones	Various	0%	24-28 Months	31/01/2016

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 12

		2014 R	2013 R
4.	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	26,615,238	25,278,482
	Total Non-current Provisions	**26,615,238**	**25,278,482**
4.1	***Landfill Sites***		
	Balance 1 July	25,278,481	26,034,277
	Contribution for the year	1,505,083	1,430,857
	Change in Provision for Rehabilitation Cost	(48,938)	(2,013,483)
	Expenditure for the year	(119,389)	(173,170)
	Total provision 30 June	**26,615,237**	**25,278,481**
	Less: Transfer of Current Portion to Current Provisions	-	-
	Balance 30 June	**26,615,237**	**25,278,481**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Porterville	Piketberg	Aurora	Redelinghuys
Area (m^2)	70,000	65,000	12,400	3,900
Length of Storm water (m)	2,200	2,000	290	312
Preliminary and general (Rand)	1,215,357	1,098,462	135,751	143,696
Site Preparation (Rand)	1,083,286	1,005,909	-	60,355
Storm Water Drainage (Rand)	4,333,533	3,891,397	356,548	619,034
Capping (Rand)	2,064,300	1,916,850	221,103	115,011
Other (Rand)	1,230,000	1,062,000	422,000	262,000
Contingencies (Rand)	989,648	894,462	110,540	117,010
Engineering (Rand)	816,459	737,931	91,196	96,533
Construction Monitoring (Rand)	746,400	592,800	34,230	126,000

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date		
Porterville	30/06/2021	12,478,983	11,864,997
Piketberg	30/06/2018	11,199,810	10,621,826
Aurora	30/06/2015	1,371,368	1,325,526
Redelinghuys	30/06/2024	1,539,636	1,466,132
		26,589,798	**25,278,481**

5.	**NON-CURRENT EMPLOYEE BENEFITS**		
	Provision for Post Retirement Health Care Benefits	28,997,049	22,846,497
	Provision for Long Service Awards	4,009,734	3,662,022
	Total Non-current Employee Benefits	**33,006,783**	**26,508,519**

	2014 R	2013 R
Post Retirement Health Care Benefits		
Balance 1 July	23,640,225	20,367,828
Contribution for the year	3,307,205	2,639,364
Expenditure for the year	(877,009)	(815,552)
Actuarial Loss/(Gain)	3,769,712	1,448,585
Total provision 30 June	**29,840,133**	**23,640,225**
Less: Transfer of Current Portion to Current Provisions - Note 7	(843,084)	(793,728)
Balance 30 June	**28,997,049**	**22,846,497**
Long Service Awards		
Balance 1 July	3,997,308	3,541,459
Contribution for the year	803,188	614,131
Expenditure for the year	(310,326)	(158,392)
Actuarial Loss/(Gain)	(15,744)	110
Total provision 30 June	**4,474,426**	**3,997,308**
Less: Transfer of Current Portion to Current Provisions - Note 7	(464,691)	(335,286)
Balance 30 June	**4,009,735**	**3,662,022**

5.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	171	162
In-service (employee) non-members	196	195
Continuation members (e.g. Retirees, widows, orphans)	27	27
Total Members	**394**	**384**

The liability in respect of past service has been estimated to be as follows:

In-service members	15,045,458	10,732,043
In-service non-members	3,250,734	2,383,705
Continuation members	11,543,941	10,524,477
Total Liability	**29,840,133**	**23,640,225**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 R	2011 R	2010 R
In-service members	8,879,531	7,355,727	5,477,852
In-service non-members	1,972,242	1,725,417	1,202,455
Continuation members	9,516,055	7,926,579	6,625,612
Total Liability	20,367,828	17,007,723	13,305,919

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Discovery
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 753 521, whereas the Interest Cost for the next year is estimated to be R2 700 897.

Key actuarial assumptions used:	2014 %	2013 %
i) Rate of interest		
Discount rate	9.18%	8.96%
Health Care Cost Inflation Rate	8.31%	7.70%
Net Effective Discount Rate	0.80%	1.17%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 63 years.

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	29,840,133	23,640,225
Fair value of plan assets	-	-
	29,840,133	23,640,225
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	**29,840,133**	**23,640,225**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	23,640,225	20,367,828
Total expenses	2,430,196	1,823,812
Current service cost	1,223,747	1,063,477
Interest Cost	2,083,458	1,575,887
Benefits Paid	(877,009)	(815,552)
Actuarial (gains)/losses	3,769,712	1,448,585
Present value of fund obligation at the end of the year	29,840,133	23,640,225
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	18.296	11.544	29.840

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	21.782	12.896	34.678	16%
Health care inflation	-1%	15.243	10.389	25.632	-14%
Post-retirement mortality	-1 year	18.969	10.407	30.977	4%
Average retirement age	-1 year	20.101	12.899	31.645	6%
Withdrawal Rate	-10%	15.324	11.544	26.868	10%

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	1,446,173	2,394,339	3,840,512	16%
Health care inflation	-1%	1,008,679	1,801,105	2,809,784	-15%
Post-retirement mortality	-1 year	1,267,092	2,160,747	3,427,839	4%
Average retirement age	-1 year	1,373,840	2,208,135	3,581,975	8%
Withdrawal Rate	-50%	1,426,257	2,203,868	3,630,125	10%

	2014 Rm	2013 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	3,769,712	1,448,585
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 Rm	2011 Rm	2010 Rm
Liabilities: (Gain) / loss	1,655,114	2,478,639	(1,161,210)
Assets: Gain / (loss)			

5.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 367 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R377 825 whereas the Interest Cost for the next year is estimated to be R344 300.

Key actuarial assumptions used:	2014 %	2013 %
i) Rate of interest		
Discount rate	8.11%	7.48%
General Salary Inflation (long-term)	7.19%	6.82%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.85%	0.62%

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	4,474,426	3,997,308
Fair value of plan assets	-	-
	4,474,426	3,997,308
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**4,474,426**	**3,997,308**

	2014 R	2013 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	3,997,308	3,541,459
Total expenses	492,862	455,739
Current service cost	516,463	386,459
Interest Cost	286,725	227,672
Benefits Paid	(310,326)	(158,392)
Actuarial (gains)/losses	(15,744)	110
Present value of fund obligation at the end of the year	**4,474,426**	**3,997,308**
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	**-**	**-**

Sensitivity Analysis on the Unfunded Accrued Liability

	Change	Liability (Rm)	% change
Assumption			
Central assumptions			
General salary inflation	1%	4.818	8%
General salary inflation	-1%	4.167	-7%
Average retirement age	-2 yrs	3.848	-14%
Average retirement age	2 yrs	5.044	13%
Withdrawal rates	-50%	5.292	18%

	2014 R	2013 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(15,744)	110
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 R	2011 R	2010 R
Liabilities: (Gain) / loss	307,517	(78,977)	48,764
Assets: Gain / (loss)	-	-	-

5.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund has a funding level of 99,7% (30 June 2012 - 99,4%).

	2014 R	2013 R
Contributions paid recognised in the Statement of Financial Performance	371,957	341,436

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105,1% (30 June 2012 - 108,0%).

Contributions paid recognised in the Statement of Financial Performance	5,612,310	5,159,537

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	15,586	43,435
Municipal Councillors Pension Fund	212,746	183,257
SAMWU National Provident Fund	1,849,306	1,801,977
	2,077,638	2,028,670

6. CONSUMER DEPOSITS

Water and Electricity	2,678,978	2,516,101
Total Consumer Deposits	**2,678,978**	**2,516,101**

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7. CURRENT EMPLOYEE BENEFITS

Staff Bonuses	2,195,406	1,945,499
Staff Leave	3,895,057	3,532,934
Shortfall in Cape Joint Pension Fund	-	1,424,525
Current Portion of Non-Current Provisions	1,307,775	1,129,014
Current Portion of Post Retirement Benefits - Note 5	843,084	793,728
Current Portion of Long-Service Provisions - Note 5	464,691	335,286
Total Provisions	**7,398,238**	**8,031,971**

The movement in current provisions are reconciled as follows:

		2014 R	2013 R
7.1	***Staff Bonuses***		
	Balance at beginning of year	1,945,499	1,813,661
	Contribution to current portion	3,831,839	3,513,025
	Expenditure incurred	(3,581,932)	(3,381,187)
	Balance at end of year	**2,195,406**	**1,945,499**

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

7.2	***Staff Leave***		
	Balance at beginning of year	3,532,934	3,112,712
	Contribution to current portion	751,288	888,971
	Expenditure incurred	(389,164)	(468,749)
	Balance at end of year	**3,895,057**	**3,532,934**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

7.3	***Shortfall in Cape Joint Pension Fund***		
	Balance at beginning of year	1,424,525	1,279,523
	Expenditure incurred	96,535	145,001
	Restructuring of Defined Benefit Section of Cape Joint Pension Fund - Once-off contribution	(378,811)	-
	Restructuring of Defined Benefit Section of Cape Joint Pension Fund - Reversal of prior years' contributions	(1,142,249)	-
	Balance at end of year	**-**	**1,424,525**

Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. Provision was made for the pro-rata portion owed by the Municipality. The defined benefit section of the Fund was restructed and a once-off contribution was required by municipalities. This once-off contribution was paid by Bergrivier Municipality.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 5 to the Financial Statements.

8.	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	10,688,631	8,840,702
	Interest Accrued	44,067	2,370,342
	Payments received in advance	2,501,947	1,801,172
	Retentions	1,655,042	74,944
	Other Creditors	3,984,235	5,650,652
	Deposits: Other	636,977	524,481
	Correction of Error - Note 40.1	-	(834,022)
	Total Trade Payables	**19,510,899**	**18,428,271**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

		2014 R	2013 R
9.	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	7,067,210	197,387
	National Government Grants	4,855,817	-
	Provincial Government Grants	2,169,242	133,784
	District Municipality	42,152	46,952
	Other Sources	-	-
	Correction of Error - Note 40.2	-	16,651
	Less: Unpaid Grants	-	(654,702)
	National Government Grants	-	(2,309,000)
	Provincial Government Grants	-	(161,702)
	District Municipality	-	-
	Other Sources	-	(535,154)
	Correction of Error - Note 40.8	-	2,351,154
	Total Conditional Grants and Receipts	**7,067,210**	**(457,315)**

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

10.	**TAXES**		
10.1	VAT Payable	-	-
	Total VAT Payable	**-**	**-**
10.2	VAT Receivable	310,469	619,794
	Total VAT Receivable	**310,469**	**619,794**
10.3	**Net VAT Receivable/(Payable)**	**310,469**	**619,794**

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

11. SHORT-TERM LOANS

The Municipality has no short term loans.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 30 JUNE 2014

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure														
Roads, Pavements & Bridges	51,206,449	-	1,907,718	6,647,455	-	-	59,761,622	16,201,263	-	2,289,114	-	-	18,490,377	41,271,245
Electricity Transmission & Reticulation	39,372,404	-	814,019	-	-	-	40,186,422	10,808,257	-	1,112,702	-	-	11,920,959	28,265,463
Water Dams & Reservoirs	44,365,721	-	442,725	-	-	-	44,808,446	11,302,584	-	1,365,499	-	-	12,668,082	32,140,363
Sewerage Purification	50,798,442	-	16,832,560	-	-	-	67,631,002	8,070,792	-	1,706,396	-	-	9,777,188	57,853,814
Landfill Sites	25,342,983	-	-	-	-	(48,938)	25,294,045	14,103,165	-	1,313,054	-	-	15,416,219	9,877,826
Other	1,163,522	-	-	-	-	-	1,163,522	246,751	-	62,298	-	-	309,049	854,472
	212,249,520	-	19,997,021	6,647,455	-	(48,938)	238,845,058	60,732,811	-	7,849,063	-	-	68,581,875	170,263,183
Community Assets														
Parks & Gardens	624,541	-	-	-	-	-	624,541	247,301	-	27,628	-	-	274,929	349,613
Sportfields & Stadia	7,158,945	-	25,119	-	-	-	7,184,064	2,137,132	-	290,172	-	-	2,427,304	4,756,760
Community Halls	1,479,318	-	-	-	-	-	1,479,318	527,963	-	49,311	-	-	577,274	902,044
Libraries	4,664,753	-	-	-	-	-	4,664,753	1,027,750	-	125,070	-	-	1,152,819	3,511,933
Recreational Facilities	14,412,900	-	52,680	-	-	-	14,465,580	3,598,024	-	450,987	-	-	4,049,010	10,416,570
Clinics	979,444	-	-	-	-	-	979,444	266,585	-	35,050	-	-	301,635	677,809
Museums & Art Galleries	1,575,630	-	-	-	-	-	1,575,630	391,428	-	44,193	-	-	435,622	1,140,009
Other	751,757	-	54,041	-	-	-	805,798	114,897	-	22,928	-	-	137,825	667,973
	31,647,290	-	131,839	-	-	-	31,779,129	8,311,081	-	1,045,337	-	-	9,356,418	22,422,711
Other Assets														
General Vehicles	9,700,545	-	131,900	-	-	(117,959)	9,714,486	5,188,188	-	1,283,888	-	(92,653)	6,379,423	3,335,063
Specialised Vehicles	5,035,353	-	-	-	-	-	5,035,353	1,355,738	-	508,571	-	-	1,864,309	3,171,045
Plant & Equipment	10,753,166	-	264,743	-	-	(766,756)	10,251,153	5,976,986	-	1,063,526	-	(541,344)	6,499,169	3,751,984
Furniture and Other Office Equipment	6,821,888	-	784,186	-	-	(130,750)	7,475,324	3,832,370	-	1,270,542	-	(83,180)	5,019,732	2,455,592
Civic Land and Buildings	24,160,815	-	182,935	-	(83,305)	-	24,260,445	3,190,625	-	740,619	-	-	3,931,244	20,329,201
Other Land and Buildings	50,901,376	-	19,950	-	83,305	-	51,004,631	4,113,503	-	471,337		-	4,584,840	46,419,792
Other	2,191,834	-	275,946	-	-	(24,638)	2,443,143	1,156,437	-	241,599	-	(15,263)	1,382,773	1,060,370
Leases	589,619	-	627,842	-	-	(411,674)	805,787	389,779	-	282,107	-	(355,823)	316,063	489,724
	110,154,596		2,287,502	-	-	(1,451,776)	110,990,322	25,203,625	-	5,862,189	-	(1,088,263)	29,977,551	81,012,770
Total	354,051,406	-	22,416,362	6,647,455	-	(1,500,714)	381,614,509	94,247,518	-	14,756,589	-	(1,088,263)	107,915,844	273,698,664

12.2 30 JUNE 2013

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Transfers	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Transfers	Disposals/ Impairment	Closing Balance	
Infrastructure														
Roads, Pavements & Bridges	49,926,437	(967,554)	2,247,566	-	-	-	51,206,449	14,299,771	-	1,901,492	-	-	16,201,263	35,005,186
Electricity Transmission & Reticulation	39,097,018	-	275,385	-	-	-	39,372,404	9,729,600	-	1,078,656	-	-	10,808,257	28,564,147
Water Dams & Reservoirs	42,891,931	-	623,177	850,613	-	-	44,365,721	10,063,042	-	1,239,542	-	-	11,302,584	33,063,137
Sewerage Purification	40,149,417	-	299,026	10,350,000	-	-	50,798,442	6,403,577	-	1,667,215	-	-	8,070,792	42,727,650
Landfill Sites	26,850,006	-	506,460	-	-	(2,013,483)	25,342,983	12,796,121	-	1,307,044	-	-	14,103,165	11,239,819
Other	1,163,522	-	-	-	-	-	1,163,522	169,160	-	77,592	-	-	246,751	916,770
	200,078,331	(967,554)	3,951,614	11,200,613	-	(2,013,483)	212,249,520	53,461,271	-	7,271,540	-	-	60,732,811	151,516,709
Community Assets														
Parks & Gardens	832,011	(207,470)	-	-	-	-	624,541	281,915	(69,157)	34,543	-	-	247,301	377,240
Sportfields & Stadia	7,089,195	-	69,750	-	-	-	7,158,945	1,853,936	-	283,197	-	-	2,137,132	5,021,813
Community Halls	1,479,318	-	-	-	-	-	1,479,318	478,653	-	49,311	-	-	527,963	951,355
Libraries	4,664,753	-	-	-	-	-	4,664,753	902,680	-	125,070	-	-	1,027,750	3,637,003
Recreational Facilities	14,412,900	-	-	-	-	-	14,412,900	3,147,037	-	450,987	-	-	3,598,024	10,814,877
Clinics	1,484,000	(504,556)	-	-	-	-	979,444	231,535	-	35,050	-	-	266,585	712,859
Museums & Art Galleries	1,575,630	-	-	-	-	-	1,575,630	347,235	-	44,193	-	-	391,428	1,184,202
Other	751,757	-	-	-	-	-	751,757	99,175	-	15,722	-	-	114,897	636,860
	32,289,565	(712,026)	69,750	-	-	-	31,647,290	7,342,166	(69,157)	1,038,072	-	-	8,311,081	23,336,209
Other Assets														
General Vehicles	9,214,407	(18,336)	504,474	-	-	-	9,700,545	3,853,987	(17,587)	1,351,788	-	-	5,188,188	4,512,357
Specialised Vehicles	4,496,383	-	538,970	-	-	-	5,035,353	954,962	-	400,777	-	-	1,355,738	3,679,615
Plant & Equipment	10,027,773	(280,028)	1,006,869	-	-	(1,449)	10,753,166	4,619,141	(210,783)	1,570,078	(290)	(1,159)	5,976,986	4,776,180
Furniture and Other Office Equipment	6,510,638	(48,442)	359,692	-	-	-	6,821,888	2,550,975	(30,885)	1,322,243	(9,963)	-	3,832,370	2,989,518
Civic Land and Buildings	24,461,690	-	153,137	-	(454,012)	-	24,160,815	2,962,230	-	364,598	(136,204)	-	3,190,625	20,970,190
Other Land and Buildings	47,770,912	2,991,674	138,790	-	-	-	50,901,376	3,646,507	(3,465)	470,461	-	-	4,113,503	46,787,873
Other	1,645,324	(19,780)	566,290	-	-	-	2,191,834	810,459	(12,668)	348,393	10,253	-	1,156,437	1,035,397
Leases	440,273	-	149,346	-	-	-	589,619	227,890	-	161,889	-	-	389,779	199,840
	104,567,401	2,625,088	3,417,568	-	(454,012)	(1,449)	110,154,596	19,626,150	(275,388)	5,990,226	(136,204)	(1,159)	25,203,625	84,950,971
Total	336,935,297	945,508	7,438,933	11,200,613	(454,012)	(2,014,932)	354,051,406	80,429,587	(344,545)	14,299,839	(136,204)	(1,159)	94,247,518	259,803,888

		2014 R	2013 R
12.3	**Assets pledged as security:**		
	Leased Property, Plant and Equipment of R489 724 (2013: R199 840) is secured for leases as set out in Note 3.		
13.	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**13,728,760**	**13,728,760**
	Cost	13,728,760	14,021,760
	Correction of Error - Note 40.4	-	(293,000)
	Accumulated Depreciation	-	-
	Accumulated Impairment Loss	-	-
	Acquisitions	-	-
	Depreciation for the year	-	-
	Net Carrying amount at 30 June	**13,728,760**	**13,728,760**
	Cost	13,728,760	13,728,760
	Accumulated Depreciation	-	-
	Accumulated Impairment Loss	-	-
	Revenue derived from the rental of investment property	148,933	70,161
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
14.	**INTANGIBLE ASSETS**		
	Net Carrying amount at 1 July	**837,958**	**552,014**
	Cost	1,477,022	1,025,159
	Accumulated Amortisation	(639,064)	(473,145)
	Acquisitions	146,894	451,862
	Amortisation	(178,723)	(165,918)
	Net Carrying amount at 30 June	**806,129**	**837,958**
	Cost	1,623,916	1,477,022
	Accumulated Amortisation	(817,786)	(639,064)
	No intangible asset were assed having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities.		
	There are no contractual commitments for the acquisition of intangible assets.		

		2014 R	2013 R
15.	**HERITAGE ASSETS**		
	Net Carrying amount at 1 July	**454,012**	**-**
	Cost	454,012	-
	Accumulated Impairment Loss	-	-
	Transfer from/(to) Property, Plant and Equipment - Note 12.2	-	454,012
	Cost	-	454,012
	Accumulated Depreciation	-	(136,204)
	Correction of Error - Note 40.5	-	136,204
	Depreciation	-	(15,134)
	Correction of Error - Note 40.5	-	15,134
	Net Carrying amount at 30 June	**454,012**	**454,012**
	Cost	454,012	454,012
	Accumulated Impairment Loss	-	-

There are no Heritage Assets pledged as security for liabilities

16.	**LONG TERM RECEIVABLES**		
	Receivables with repay arrangements - At amortised cost	3,532,713	3,272,426
	Sport Club Loans - At amortised cost	-	12,464
	Housing Loans - At amortised cost	297,028	113,909
		3,829,740	3,398,799
	Less: Unamortised Discount on Loans	-	(906)
	Balance 1 July	(906)	(2,553)
	Adjustment for the period	906	1,648
		3,829,740	3,397,894
	Less: Current portion transferred to current receivables	(2,415,418)	(1,981,455)
	Receivables with repay arrangements - At amortised cost	(2,091,418)	(1,855,081)
	Sport Club Loans - At amortised cost	-	(12,464)
	Housing Loans - At amortised cost	(324,000)	(113,909)
		1,414,322	1,416,439
	Less: Provision for Impairment of Long Term Receivables	-	-
	Total Long Term Receivables	**1,414,322**	**1,416,439**

Debtors with a total outstanding balance of R3 509 790 (2013 - R3 272 426) have arranged to settle their account over an re-negotiated period. Total payments to the value of R1 418 372 (2013 - R1 417 345) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

17.	**INVENTORY**		
	Fuel - At cost	226,191	192,600
	Water - At purification cost	74,414	73,312
	Spare Parts - At cost	1,611,506	2,111,449
	Total Inventory	**1,912,110**	**2,377,361**

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Inventory recognise as an expense during the year:

Spare Parts - At cost	1,108,910	2,227,244
	1,108,910	**2,227,244**

No inventory assets were pledged as security for liabilities.

		2014 R	2013 R
18.	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	10,892,471	8,067,038
	Water	7,523,610	5,919,312
	Housing Rentals	83,306	128,084
	Refuse	8,897,938	7,070,577
	Sewerage	5,810,357	4,441,910
	Other Arrears	9,092,704	9,283,912
	Correction of Error - Note 40.6	-	(438)
	Total: Receivables from exchange transactions (before provision)	**42,300,386**	**34,910,395**
	Less: Provision for Debt Impairment	(5,694,238)	(5,265,546)
	Total: Receivables from exchange transactions (after provision)	**36,606,147**	**29,644,849**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)	5,079,912	4,486,635
31 - 60 Days	1,908,906	896,340
61 - 90 Days	754,415	250,398
+ 90 Days	3,149,239	2,433,666
Total	**10,892,471**	**8,067,038**

(Water): Ageing

Current (0 - 30 days)	1,333,334	1,227,212
31 - 60 Days	917,393	586,675
61 - 90 Days	416,794	321,864
+ 90 Days	4,856,090	3,783,561
Total	**7,523,610**	**5,919,312**

(Housing): Ageing

Current (0 - 30 days)	3,791	3,791
31 - 60 Days	1,897	2,226
61 - 90 Days	1,707	1,804
+ 90 Days	75,911	120,263
Total	**83,306**	**128,084**

(Refuse): Ageing

Current (0 - 30 days)	1,302,838	1,111,347
31 - 60 Days	661,799	500,782
61 - 90 Days	407,824	293,850
+ 90 Days	6,525,477	5,164,598
Total	**8,897,938**	**7,070,577**

(Sewerage): Ageing

Current (0 - 30 days)	799,049	653,818
31 - 60 Days	421,962	310,060
61 - 90 Days	272,452	190,083
+ 90 Days	4,316,894	3,287,949
Total	**5,810,357**	**4,441,910**

	2014 R	2013 R
(Other): Ageing		
Current (0 - 30 days)	4,657,875	4,849,747
31 - 60 Days	172,179	220,553
61 - 90 Days	140,039	169,722
+ 90 Days	4,122,611	4,043,452
Total	**9,092,704**	**9,283,474**
(Total): Ageing		
Current (0 - 30 days)	13,176,799	12,332,550
31 - 60 Days	4,084,135	2,516,636
61 - 90 Days	1,993,230	1,227,721
+ 90 Days	23,046,222	18,833,488
Total	**42,300,386**	**34,910,395**
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	5,265,546	6,363,751
Contribution to provision	525,456	-
VAT on provision	232,162	(19,287)
Bad Debts written off against provision	(328,927)	(914,194)
Reversal of provision	-	(164,724)
Balance at end of year	**5,694,238**	**5,265,546**
The total amount of this provision is R5 694 238 and consist of:		
Services	4,868,863	3,251,675
Other Debtors	825,375	2,013,871
Total Provision for Debt Impairment on Receivables from exchange transactions	**5,694,238**	**5,265,546**
Ageing of amounts past due but not impaired:		
1 month past due	4,084,135	2,516,636
2+ months past due	19,345,214	14,795,663
	23,429,349	17,312,299

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	26,371,098	24,250,288
Fines	2,647,093	-
Other Receivables	1,718,534	463,433
Other Receivables	1,718,534	463,433
Correction of Error - Note 40.7	-	(89,368)
	30,736,725	24,624,352
Less: Provision for Debt Impairment	(10,635,338)	(6,676,104)
Total Receivables from non-exchange transactions	**20,101,387**	**17,948,248**

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

	2014 R	2013 R
(Rates): Ageing		
Current (0 - 30 days)	3,784,949	2,923,240
31 - 60 Days	2,519,601	928,638
61 - 90 Days	847,900	1,898,719
+ 90 Days	19,218,649	18,499,691
Total	**26,371,098**	**24,250,288**
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	6,676,104	6,074,797
Contribution to provision	3,959,234	601,307
Bad Debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	**10,635,338**	**6,676,104**
The total amount of this provision is R10 635 338 and consist of:		
Taxes	8,451,985	6,676,104
Fines	2,183,353	-
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**10,635,338**	**6,676,104**
Ageing of amounts past due but not impaired:		
1 month past due	3,784,949	2,923,240
2+ months past due	8,165,862	11,727,703
	11,950,811	14,650,943

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

20. OPERATING LEASE ARRANGEMENTS

20.1 The Municipality as Lessor

Operating Lease Asset	79,199	74,760
Reconciliation		
Balance at the beginning of the year	74,760	58,417
Correction of Error - Note 40.9	-	11,159
Movement during the year	4,440	5,184
Balance at the end of the year	**79,200**	**74,760**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

		2014 R	2013 R
	Up to 1 Year	249,747	230,269
	1 to 5 Years	549,676	536,032
	More than 5 Years	1,362,639	1,315,642
	Total Operating Lease Arrangements	**2,162,062**	**2,081,943**

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

20.2 The Municipality as Lessee

Operating Lease Liability	-	8,477

Reconciliation

Balance at the beginning of the year	8,477	15,152
Movement during the year	(8,477)	(6,675)
Balance at the end of the year	**-**	**8,477**

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	-	25,937
1 to 5 Years	-	-
More than 5 Years	-	-
Total Operating Lease Arrangements	**-**	**25,937**

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.

21. BANK ACCOUNTS

21.1 Cash and Cash Equivalents

Current Accounts	18,691,751	11,338,987
Call Investments Deposits	15,011,815	-
Cash Floats	12,570	11,270
Total Cash and Cash Equivalents - Assets	**33,716,136**	**11,350,257**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):	18,690,151	11,327,242
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):	1,600	11,745
	18,691,751	**11,338,987**

Call Investment Deposits

ABSA Bank Limited - Account Number 9296 511 113 (Cash Account):	5,003,630	-
Nedbank - Account Number 03/7881004312/000017 (32 Day Deposit):	5,004,110	-
Investec - Account Number 459271 (Fixed Deposit):	5,004,075	-
	15,011,815	**-**

Details of current accounts are as follow:

	2014 R	2013 R
ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):		
Cash book balance at beginning of year	11,327,242	9,622,237
Cash book balance at end of year	18,690,151	11,327,242
Bank statement balance at beginning of year	11,011,674	9,492,184
Bank statement balance at end of year	18,021,019	11,011,674
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):		
Cash book balance at beginning of year	11,745	9,062
Cash book balance at end of year	1,600	11,745
Bank statement balance at beginning of year	11,745	9,062
Bank statement balance at end of year	1,600	11,745

Details of call investment accounts are as follow:

ABSA Bank Limited - Account Number 9296 511 113 (Cash Account):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	5,003,630	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5,003,630	-
Nedbank - Account Number 03/7881004312/000017 (32 Day Deposit):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	5,004,110	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5,004,110	-
Investec - Account Number 459271 (Fixed Deposit):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	5,004,075	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5,004,075	-

22. PROPERTY RATES

Actual		
Rateable Land and Buildings	47,880,456	40,212,304
Less: Rebates	(2,653,794)	(1,923,859)
Total Assessment Rates	**45,226,662**	**38,288,444**
Valuations - 1 July 2013		
Rateable Land and Buildings	8,114,758,200	6,978,479,277
Residential Property	3,852,649,000	3,873,957,811
Commercial Property	563,837,000	466,952,200
Industrial Property	231,081,000	187,275,830
Public Benefits Organisations	207,782,000	180,281,895
Agricultural Purposes	3,173,214,200	2,178,274,199
State - National/ Provincial Services	4,670,000	3,885,000
Municipal Property	81,525,000	87,852,342
Total Assessment Rates	**8,114,758,200**	**6,978,479,277**

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

	2014	2013
Basic Rate		
Residential	0.851c/R	0.788c/R
Commercial/Industrial	0.936c/R	0.8668c/R
Agricultural	0.213c/R	0.158c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on residential used solely for dwellings purposes as follows:

Residential - R5 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

		2014 R	2013 R
23.	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional		
	Equitable Share	24,815,000	22,679,000
	Conditional	31,360,107	23,689,449
	Grants and Donations	31,360,107	23,689,449
	Subsidies	-	-
	Total Government Grants and Subsidies	**56,175,107**	**46,368,449**
	Government Grants and Subsidies - Operating	32,866,470	35,097,822
	Government Grants and Subsidies - Capital	23,308,637	11,270,626
	Total Government Grants and Subsidies	**56,175,107**	**46,368,449**
	Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
	Equitable share	24,815,000	22,679,000
	Council	1,277,600	891,295
	Electricity	-	4,200,000
	Financial Administration	2,002,282	1,329,566
	Housing	6,129,041	829,444
	Library	4,018,000	3,640,000
	Roads and Storm water	1,053,000	896,000
	Sewerage	16,365,860	11,799,000
	Sport grounds & Swimming Pools	405,000	104,145
	Water	109,323	-
	Total Government Grants and Subsidies	**56,175,107**	**46,368,449**
23.1	**Equitable Share**		
	Opening balance	-	(2,309,000)
	Correction of Error	-	2,309,000
	Grants received	24,815,000	22,679,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(24,815,000)	(22,679,000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

		2014 R	2013 R
23.2	**Local Government Financial Management Grant (FMG)**		
	Opening balance	-	(18,492)
	Correction of Error	-	-
	Grants received	1,300,000	1,250,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1,283,598)	(1,196,166)
	Conditions met - Capital	(16,402)	(35,342)
	Conditions still to be met	-	–

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.3	**Municipal Systems Improvement Grant (MSIG)**		
	Opening balance	-	(2,795)
	Correction of Error	-	-
	Grants received	890,000	800,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(742,064)	(277,323)
	Conditions met - Capital	(147,936)	(519,882)
	Conditions still to be met	-	-

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

23.4	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	21,331,000	11,799,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(1,449,000)
	Conditions met - Capital	(16,475,183)	(10,350,000)
	Conditions still to be met	4,855,817	-

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

23.5	**Expanded Public Works Programme**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	1,000,000	896,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(1,000,000)	(896,000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The grant was used for job creation.

		2014 R	2013 R
23.6	**Integrated National Electrification (Municipal)**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	-	4,200,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(4,200,000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

23.7	**Housing Grant**		
	Opening balance	(161,702)	(8,036)
	Correction of Error	-	-
	Grants received	8,211,833	667,696
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(481,699)
	Conditions met - Capital	(6,101,678)	(339,663)
	Conditions still to be met	1,948,452	(161,702)

The Housing grant was utilised for the development of erven and the erection of top structures.

23.8	**CDW Contribution**		
	Opening balance	-	40,090
	Correction of Error	-	-
	Grants received	32,800	54,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(32,800)	(94,090)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The CDW Contribution was used to finance the activities of Community Development Workers.

23.9	**Housing Consuming Education**		
	Opening balance	31,842	39,924
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(25,693)	(8,082)
	Conditions met - Capital	(1,670)	-
	Conditions still to be met	4,478	31,842

The Housing Consuming Education Grant was used for public awareness programs.

23.10	**Finance Management Grant**		
	Opening balance	118,593	-
	Correction of Error		16,651
	Grants received	1,050,000	200,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(938,119)	(72,319)
	Conditions met - Capital	(14,163)	(25,739)
	Conditions still to be met	216,310	118,593

The Finance Management Grant was used for upgrading of financial system, reviewing of budget related policies, supply chain databasis cleansing, risk management and internal audit services.

		2014 R	2013 R
23.11	**Proclaimed Roads**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	53,000	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(53,000)	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The grant was used for maintenance of provincial roads.		
23.12	**Development of Sport and Recreation**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	405,000	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(405,000)	-
	Conditions still to be met	-	-
	The grant was used for installing of flood lights at Redelinghuys sport grounds.		
23.13	**Mandela Memorialisation Support Grant**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	100,000	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(100,000)	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The grant was used for transport to Nelson Mandela memorial service in Cape Town.		
23.14	**Library Grant**		
	Opening balance	-	-
	Correction of Error	-	-
	Grants received	4,018,000	3,640,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(3,871,396)	(3,640,000)
	Conditions met - Capital	(146,604)	-
	Conditions still to be met	-	-
	The grant was used for appointment of library staff and operating costs.		
23.15	**West Coast DM - LED**		
	Opening balance	46,952	46,952
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(4,800)	-
	Conditions met - Capital	-	-
	Conditions still to be met	42,152	46,952
	The grant was used for Local Economic Development facilitation.		

		2014 R	2013 R
23.16	**Lotto: Piketberg Sport Field**		
	Opening balance	(493,000)	(535,154)
	Correction of Error	-	42,154
	Grants received	493,000	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	(493,000)
	The grant is for the developing of a sport field at Piketberg.		
23.17	**Lotto: Zuurvlakte Sport Field**		
	Opening balance	-	75,481
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(75,481)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The grant was used to develop a sport field at Zuurvlakte.		
23.18	**Lotto: Plant Trees**		
	Opening balance	-	28,663
	Correction of Error	-	-
	Grants received	-	-
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(28,663)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The grant was used to plant trees in the Bergrivier area.		
23.19	**Total Grants**		
	Opening balance	(457,316)	(2,642,367)
	Correction of Error	-	2,367,805
	Grants received	63,699,633	46,185,696
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(32,866,470)	(35,097,822)
	Conditions met - Capital	(23,308,637)	(11,270,626)
	Conditions still to be met/(Grant expenditure to be recovered)	7,067,210	(457,315)
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	7,067,210	197,387
	Unpaid Conditional Government Grants and Receipts	-	(654,702)
	Total	**7,067,210**	**(457,315)**

		2014 R	2013 R
24.	**SERVICE CHARGES**		
	Electricity	**70,920,005**	**63,350,281**
	Service Charges	74,317,445	66,497,785
	Less: Income Forgone	(3,397,440)	(3,147,504)
	Water	**19,585,730**	**16,148,212**
	Service Charges	20,993,747	19,209,791
	Less: Income Forgone	(1,408,016)	(3,061,579)
	Refuse Removal	**14,078,809**	**12,054,460**
	Service Charges	17,425,487	15,317,050
	Less: Income Forgone	(3,346,679)	(3,262,590)
	Sewerage and Sanitation Charges	**8,427,345**	**7,115,948**
	Service Charges	10,699,223	9,308,779
	Less: Income Forgone	(2,271,878)	(2,192,831)
	Total Service Charges	**113,011,889**	**98,668,900**
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
25.	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Rental of facilities	3,199,894	2,779,581
	Correction of Error - Note 40.11	-	117,199
	Total Rental of Facilities and Equipment	**3,199,894**	**2,896,780**
26.	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Bank	1,285,000	550,858
	Total Interest Earned - External Investments	**1,285,000**	**550,858**
27.	**INTEREST EARNED - OUTSTANDING RECEIVABLES**		
	Receivables	3,247,079	2,439,794
	Total Interest Earned - Outstanding Receivables	**3,247,079**	**2,439,794**
28.	**OTHER INCOME**		
	Admin Fees	6,820	8,519
	Cemetery	238,534	215,017
	Land Sales	240,195	-
	Photocopies	47,564	39,939
	Private Works	1,804	7,729
	Restructuring of Defined Benefit Section of Cape Joint Pension Fund	1,142,249	-
	Sale of Refuse Bags	3,566	4,690
	Search Fee	132	-
	Sundry Income	1,442,636	2,092,123
	Surplus Cash	2,585	1,489
	Swimming Pools	19,838	24,606
	Total Other Income	**3,145,923**	**2,394,112**

		2014 R	2013 R
29.	**EMPLOYEE RELATED COSTS**		
	Employee Related Costs - Salaries and Wages	52,436,471	47,875,219
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	12,811,225	11,948,317
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3,385,341	3,299,065
	Housing Benefits and Allowances	471,812	486,558
	Overtime Payments	2,934,755	2,699,436
	Bonuses	3,831,839	3,513,025
	Provision for leave	751,288	888,971
	Contribution to provision - Long Service Awards - Note 5	516,463	386,459
	Contribution to provision - Post Retirement Medical - Note 5	1,223,747	1,063,477
	Correction of Error - Note 40.11	-	263,873
		78,362,940	72,424,399
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	**78,362,940**	**72,424,399**
	KEY MANAGEMENT PERSONNEL		
	Only the Municipal Manager are appointed on a fixed contract. Other Key management personnel are permanent appointments with performance contracts.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager - Adv H Linde (Current)		
	Annual Remuneration	903,255	511,073
	Travelling Allowance	130,469	53,088
	Contributions to UIF, Medical and Pension Funds	229,003	122,611
	Total	**1,262,727**	**686,772**
	Remuneration of the Municipal Manager - Mrs EC Liebenberg (Former)		
	Annual Remuneration	-	232,997
	Car Allowance	-	27,975
	Housing Subsidy	-	41,126
	Service Bonus	-	51,687
	Leave	-	35,326
	Contributions to UIF, Medical and Pension Funds	-	64,471
	Total	**-**	**453,583**
	Remuneration of the Chief Financial Officer - Mr JA van Niekerk		
	Annual Remuneration	567,598	543,632
	Car Allowance	104,536	109,033
	Housing Subsidy	85,140	77,847
	Service Bonus	47,300	44,032
	Leave	91,180	-
	Contributions to UIF, Medical and Pension Funds	160,615	151,756
	Total	**1,056,369**	**926,299**
	Remuneration of Director : Corporate Services - Mr JWA Kotzee		
	Annual Remuneration	570,985	631,713
	Car Allowance	97,191	66,192
	Housing Subsidy	84,034	64,137
	Service Bonus	-	-
	Contributions - UIF, Medical, Pension	209,787	186,141
	Total	**961,997**	**948,184**
	Remuneration of Director : Community Services - Mr D Lambrechts (Former)		
	Annual Remuneration	-	126,789
	Car Allowance	-	20,091
	Housing Subsidy	-	19,018
	Service Bonus	-	10,561
	Leave	-	111,682
	Contributions - UIF, Medical, Pension	-	37,712
	Total	**-**	**325,854**

	2014 R	2013 R
Remuneration of Director : Technical Services - Mr H Krohn		
Annual Remuneration	572,911	534,837
Car Allowance	101,605	89,806
Housing Subsidy	85,937	78,575
Service Bonus	47,743	37,036
Contributions - UIF, Medical, Pension	159,207	151,946
Total	**967,403**	**892,202**

30. REMUNERATION OF COUNCILLORS

JA Raats	559,133	517,839
WJ Dirks	222,287	183,632
JC Botha	274,311	243,439
RM van Rooy	509,512	449,460
DJ Adams (Former)	8,008	187,673
DJ Smith	200,623	-
CJ Snyders	260,090	222,034
SM Crafford	573,823	552,692
EB Manuel	706,856	680,608
A de Vries	512,793	451,660
SR Claassen	234,372	209,695
SJ Smit	222,287	183,632
A Maarman	224,550	192,307
C Snyders	226,320	184,693
Total Councillors' Remuneration	**4,734,966**	**4,259,364**

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	425,898	148,877	52,626	79,455	706,856
Deputy-Mayor	352,739	119,102	50,439	51,543	573,823
Speaker	334,980	119,102	37,064	67,987	559,133
Executive Committee Members	824,646	111,658	37,680	48,321	1,022,305
Councillors	1,338,512	231,243	198,770	104,325	1,872,849
Total Councillors' Remuneration	**3,276,776**	**729,980**	**376,579**	**351,631**	**4,734,966**

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....

Signed: Municipal Manager

31. DEBT IMPAIRMENT

Receivables from exchange transactions - Note 18	757,619	(184,011)
Receivables from non-exchange transactions - Note 19	3,946,296	601,307
	4,703,915	417,296
Less: VAT Portion on Debt Impairment	(232,162)	19,287
Total Debt Impairment	**4,471,753**	**436,584**

		2014 R	2013 R
32.	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	14,756,589	14,299,839
	Intangible Assets	178,723	165,918
	Investment Property	-	-
	Heritage Assets	-	15,134
	Correction of Error - Note 40.11	-	(15,134)
	Total Depreciation and Amortisation	**14,935,312**	**14,465,757**
33.	**FINANCE COSTS**		
	Long-term Liabilities	5,618,103	5,390,196
	Non-current Provisions	1,505,083	1,430,857
	Non-current Employee Benefits	2,370,183	1,803,559
	Employee Benefits	96,535	145,001
	Total Finance Costs	**9,589,904**	**8,769,614**
34.	**BULK PURCHASES**		
	Electricity	50,390,545	50,212,465
	Water	4,074,345	4,208,372
	Correction of Error - Note 40.11	-	(4,893,373)
	Total Bulk Purchases	**54,464,890**	**49,527,463**
35.	**GRANTS AND SUBSIDIES PAID**		
	Grants-in-aid and Donations	2,560,962	2,393,212
	Free Basic Services	3,781,348	-
	Correction of Error - Note 40.11	-	4,893,373
	Total Grants and Subsidies	**6,342,310**	**7,286,586**
36.	**OTHER OPERATING GRANT EXPENDITURE**		
	Operating Grant Expenditure per department		
	Executive & Council	1,129,664	371,413
	Budget & Treasury	1,886,275	1,303,826
	Housing	25,693	829,444
	Sport & Recreation	-	104,145
	Road Transport	1,026,713	-
		4,068,345	2,608,827
	Less: Employee Costs allocated elsewhere	(4,068,345)	(2,608,827)
	Total Operating Grant Expenditure	-	-
37.	**GENERAL EXPENSES**		
	Advertisement	683,303	578,874
	Audit Fees	2,459,424	2,504,076
	Bank Charges	275,444	307,856
	Books	10,221	19,871
	Cemetery	-	1,847
	Chemicals	518,698	532,984
	Entertainment	258,720	222,593
	Fuel	2,932,182	2,638,854
	Impact Studies	534,230	478,650
	Insurance	683,359	1,040,155
	Legal Fees	326,339	264,821
	Licensing	460,949	465,954
	Lost Books	8,681	12,744
	Materials	1,466,815	955,401
	Membership Fees	714,227	610,082
	Planning and Development	49,532	95,830
	Postage	445,768	420,008
	Printing	160,385	52,380
	Professional Fees	9,610,259	5,222,723
	Protective Clothing	363,084	292,799
	Refuse Bags	763,734	413,856
	Rent Equipment	112,909	146,040
	Sport Fields	90,849	99,622
	Stationary	703,003	548,437
	Sundries	1,142,766	533,956

Telephone Costs	1,227,509	1,250,589
Training	819,551	718,694
Travel and Entertainment	695,749	451,569
Trees	21,376	590
Unions	40,981	28,492
Valuations	708,504	707,330
Fertilizer	13,479	1,750
Ward Committee	302,592	-
Correction of Error - Note 40.11	-	2,209,911
Total General Expenses	**28,604,620**	**23,829,338**

		2014 R	2013 R
38.	**GAIN/ (LOSS) ON SALE OF ASSETS**		
	Property, plant and equipment	446,807	(290)
	Total Gain/ (Loss) on Sale of Assets	**446,807**	**(290)**
39.	**(IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS**		
	Infrastructure - Landfill-Sites	48,938	2,013,483
	Less: Allocated against Provision for Rehabilitation of Landfill-Sites - Note 4	(48,938)	(2,013,483)
	Total (Impairment Loss)/ Reversal of Impairment Loss	**-**	**-**

40. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

40.1	**Payables from Exchange Transactions**		
	Balance previously reported	-	19,262,293
	Building Deposits not recognised in prior years - Note 8	-	500
	Repayment of Building plan fees not recognised in prior years - Note 8	-	197
	Refund of pre-paid meters not recognised in prior years - Note 8	-	1,792
	Credit Note not recognised in prior years - Note 8	-	(43,085)
	Subsistence & Travel Costs recognised incorrectly in prior year - Note 8	-	(30,898)
	Invoices not recognised in prior year - Note 8	-	969
	Payment of retention not recognised in prior years - Note 8	-	(74,944)
	Receipt issued in incorrect year - Note 8	-	(6,006)
	Rental income received in advance not recognised in prior year - Note 8	-	23,593
	Recognise Unidentified Deposits older than 36 months as Other Income - Note 8	-	(706,139)
	Restated Balance	**-**	**18,428,271**

Correction of Trade Creditors, Retentions, Other Creditors and Deposits: Other.

40.2	**Unspent Conditional Government Grants and Receipts**		
	Balance previously reported	-	180,736
	Credit Note not recognised in prior years - Note 9	-	16,651
	Restated Balance	**-**	**197,387**

Credit Note on grant expenditure not recognised in prior year.

40.3	**Property, Plant and Equipment**		
	Balance previously reported	-	258,513,835
	Cost	-	945,508
	Land not recognised in prior years - Note 12	-	3,051,674
	Land recognised incorrectly in prior years - Note 12	-	(60,000)
	Public open spaces recognised incorrectly in prior years - Note 12	-	(1,175,024)
	Community Assets recognised incorrectly in prior years - Note 12	-	(504,556)
	Other Assets not written-off in prior years - Note 12	-	(366,586)
	Accumulated Depreciation	-	344,545
	Community Assets not written-off in prior years - Note 12		69,157
	Other Assets not written-off in prior years - Note 12	-	275,388
	Restated Balance	**-**	**259,803,888**

Land and Community Assets recognised incorrectly in prior years and Other Assets not written-off in prior years.

		2014 R	2013 R
40.4	**Investment Property**		
	Balance previously reported	-	14,021,760
	Investment Property recognised incorrectly in prior years - Note 13	-	(1,970,000)
	Investment Property not recognised in prior years - Note 13	-	1,677,000
	Restated Balance	**-**	**13,728,760**
	Remove Investment Property recognised incorrectly in prior years and recognise Investment Property not recognised in prior years.		
40.5	**Heritage Assets**	-	302,674
	Balance previously reported		
	Reversal of Accumulated Depreciation before 1 July 2012 - Note 15	-	136,204
	Reversal of Accumulated Depreciation 2012/2013 - Note 15	-	15,134
	Restated Balance	**-**	**454,012**
	Reversal of Accumulated Depreciation on Heritage Assets.		
40.6	**Receivables from Exchange Transactions**		
	Balance previously reported	-	29,645,287
	Correction of Consumer accounts - Note 18	-	(438)
	Restated Balance	**-**	**29,644,849**
	Correction of Consumer Accounts.		
40.7	**Receivables from Non-Exchange Transactions**		
	Balance previously reported	-	18,037,616
	Correction of Consumer accounts - Note 19	-	(3)
	Correction of Estimate Fines - Note 19	-	(221,110)
	Rental: Debtors not recognised in prior year - Note 19	-	131,745
	Restated Balance	**-**	**17,948,248**
	Correction of Consumer Accounts.		
40.8	**Unpaid Conditional Government Grants and Receipts**		
	Balance previously reported	-	3,005,857
	Correction of Unpaid Equitable Share Grant - Note 9	-	(2,309,000)
	Correction of Unpaid Lotto Grant (Piketberg Sport field) - Note 9	-	(42,154)
	Restated Balance	**-**	**654,703**
	Write-off of Unpaid Conditional Grants, as methods to recover outstanding amounts were unsuccessful.		
40.9	**Operating Lease Asset**		
	Balance previously reported	-	54,554
	Operating Lease Asset not recognised in prior years - Note 20.1	-	11,159
	Movement in Operating Lease Asset for 2012/2013 - Note 20.1	-	9,047
	Restated Balance	**-**	**74,760**
	Operating Lease Asset not recognised in prior years.		

		2014 R	2013 R
40.10	**Accumulated Surplus/(Deficit) - 1 July 2012**		
	Building Deposits not recognised in prior years - Note 40.1	-	(500)
	Repayment of Building plan fees not recognised in prior years - Note 40.1	-	(197)
	Refund of pre-paid meters not recognised in prior years - Note 40.1	-	(1,792)
	Correction of Consumer accounts - Note 40.6	-	(438)
	Correction of Consumer accounts - Note 40.7	-	(3)
	Payment of retention not recognised in prior years - Note 40.1	-	74,944
	Operating Lease Asset not recognised in prior years - Note 40.9	-	11,159
	Reversal of Accumulated Depreciation on Heritage Assets - Note 40.5	-	136,204
	Correction of Unpaid Equitable Share Grant - Note 40.8	-	(2,309,000)
	Correction of Unpaid Lotto Grant (Piketberg Sport field) - Note 40.8	-	(42,154)
	Recognise Unidentified Deposits older than 36 months as Other Income - Note 40.1	-	706,139
	Investment Property recognised incorrectly in prior years - Note 40.4	-	(1,970,000)
	Investment Property not recognised in prior years - Note 40.4	-	1,677,000
	Land not recognised in prior years - Note 40.3	-	3,051,674
	Public open spaces recognised incorrectly in prior years - Note 40.3	-	(1,175,024)
	Other Assets not written-off in prior years - Note 40.3	-	(366,586)
	Accumulated Depreciation not written-off in prior years - Note 40.3	-	344,545
	Land recognised incorrectly in prior years - Note 40.3	-	(60,000)
	Community Assets recognised incorrectly in prior years - Note 40.3	-	(504,556)
	Total	**-**	**(428,585)**

40.11 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes		38,288,444	-	38,288,444
Government Grants and Subsidies		46,368,449	-	46,368,449
Public Contributions and Donations		-	-	-
Contributed Property, Plant and Equipment		-	-	-
Fines	**40.7**	760,232	(221,110)	539,122
Third Party Payments		-	-	-
Actuarial Gains		-	-	-
Other Revenue from non-exchange transactions		-	-	-
Property Rates - penalties imposed and collection charges		-	-	-
Service Charges		98,668,900	-	98,668,900
Water Services Authority Contribution		-	-	-
Rental of Facilities and Equipment	**40.1**	2,779,581	117,199	2,896,780
Interest Earned - external investments		550,858	-	550,858
Interest Earned - outstanding receivables		2,439,794	-	2,439,794
Licences and Permits		1,694,453	-	1,694,453
Income for Agency Services	**40.1**	1,609,359	6,006	1,615,365
Other Income		2,394,112	-	2,394,112
Unamortised Discount - Interest		1,648	-	1,648
Total		195,555,830	(97,905)	195,457,925
Expenditure				
Employee related costs	**40.1**	(72,160,526)	(263,873)	(72,424,399)
Remuneration of Councillors		(4,259,364)	-	(4,259,364)
Debt Impairment		(436,583)	-	(436,583)
Collection Costs		-	-	-
Depreciation and Amortisation	**40.5**	(14,480,891)	15,134	(14,465,757)
Repairs and Maintenance	**40.1**	(4,837,736)	(78,679)	(4,916,416)
Unamortised Discount - Interest		(493,106)	-	(493,106)
Actuarial Losses		(1,448,695)	-	(1,448,695)
Finance Costs		(8,769,614)	-	(8,769,614)
Bulk Purchases	**34**	(54,420,836)	4,893,373	(49,527,463)
Contracted Services		-	-	-
Grants and Subsidies Paid	**35**	(2,393,212)	(4,893,373)	(7,286,586)
Other Operating Grant Expenditure	**36**	(2,608,827)	2,608,827	0
General Expenses	**37**	(21,619,717)	(2,209,911)	(23,829,628)
Total		(187,929,108)	71,497	(187,857,611)
Net Surplus/(Deficit) for the year		7,626,722	(26,407)	7,600,315

		2014 R	2013 R
41.	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	22,264,759	7,600,315
	Adjustments for:		
	Depreciation and amortisation	14,935,312	14,465,757
	Loss/(Gain) on disposal of property, plant and equipment	(446,807)	-
	Impairment Loss/(Reversal of Impairment Loss)	25,439	290
	Government Grants and Subsidies received	63,699,633	46,185,696
	Government Grants and Subsidies recognised as revenue	(56,175,107)	(46,368,450)
	Contribution to provisions – Non-Current Provisions	1,505,083	1,257,687
	Change in Provision for Rehabilitation Cost	(193,766)	-
	Contribution from/to provisions - Non-Current Employee Benefits	2,923,058	2,279,551
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	3,769,712	1,448,695
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(15,744)	-
	Contribution from/to - Current Employee Benefits	4,679,662	4,546,997
	Write-off of Current Employee Benefits	(1,142,249)	-
	Contribution to provisions – Bad debt	4,716,853	601,307
	Reversal of Provision for Bad debt	-	(184,011)
	Bad debts written off	(328,927)	(914,194)
	Unamortised Discounts - Interest Received	(906)	(1,648)
	Unamortised Discounts - Interest Paid	1,060,052	493,106
	Operating lease expenses accrued	(8,477)	(123,874)
	Operating lease income accrued	(4,440)	3,863
	Operating Surplus/(Deficit) before changes in working capital	61,263,140	31,291,089
	Changes in working capital	(15,832,189)	(12,770,129)
	Increase/(Decrease) in Consumer Deposits	162,877	143,159
	Increase/(Decrease) in Trade and Other Payables	1,082,629	(3,356,983)
	Increase/(Decrease) in Employee Benefits	(4,349,907)	(3,906,299)
	Increase/(Decrease) in Taxes	309,325	(969,469)
	(Increase)/Decrease in Inventory	465,251	472,151
	(Increase)/Decrease in Trade Receivables from exchange transactions	(7,389,991)	(5,394,871)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(6,112,373)	242,184
	Cash generated/(absorbed) by operations	45,430,951	18,520,960
42.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Current Accounts - Note 21	18,691,751	11,338,987
	Call Investments Deposits - Note 21	15,011,815	-
	Cash Floats - Note 21	12,570	11,270
	Total cash and cash equivalents	**33,716,136**	**11,350,257**
43.	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 42	33,716,136	11,350,257
	Less:	(14,697,066)	(755,660)
	Unspent Committed Conditional Grants - Note 9	(7,067,210)	(197,387)
	Unspent Borrowings - Note 44	(7,066,000)	
	Cash Portion of Housing Development Fund - Note 2	(563,856)	(558,273)
	Net cash resources available for internal distribution	19,019,070	10,594,598
	Allocated to:		
	Capital Replacement Reserve	(9,556,500)	(8,721,500)
	Resources available for working capital requirements	**9,462,570**	**1,873,097**
44.	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 3	53,762,766	48,045,444
	Used to finance property, plant and equipment - at cost	(46,696,766)	(48,045,444)
		7,066,000	-
	Cash set aside for the repayment of long-term liabilities	-	
	Cash invested for repayment of long-term liabilities	**7,066,000**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

45. BUDGET COMPARISONS

45.1 Operational Budget by Standard Classification

	2014 Actual R	2014 Final Budget R	2014 Variance R	2014 Variance %
Revenue - Standard				
Governance and Administration				
Executive and council	26,094,099	26,092,000	2,099	0.01%
Budget and Treasury Office	52,426,431	52,110,000	316,431	0.61%
Corporate Services	2,150,246	2,208,500	(58,254)	-2.64%
Community and Public Safety				
Community and Social Services	4,327,186	4,296,000	31,186	0.73%
Sport and Recreation	3,441,944	3,143,000	298,944	9.51%
Public Safety	3,406,888	882,000	2,524,888	286.27%
Housing	6,175,664	7,554,000	(1,378,336)	-18.25%
Health	-	-	-	
Economic and Environmental Services				
Planning and Development	760,489	601,000	159,489	26.54%
Road Transport	4,189,280	3,829,000	360,280	9.41%
Environmental Protection	-	-	-	
Trading Services				
Electricity	71,222,023	73,127,000	(1,904,977)	-2.61%
Water	19,774,097	22,585,620	(2,811,523)	-12.45%
Waste Water Management	24,793,205	25,695,380	(902,175)	-3.51%
Waste Management	14,091,811	12,726,000	1,365,811	10.73%
Other	-	-	-	
Total Revenue	**232,853,362**	**234,849,500**	**(1,996,138)**	**-0.85%**
Expenditure - Standard				
Governance and Administration				
Executive and council	(15,869,439)	(17,665,000)	1,795,561	-10.16%
Budget and Treasury Office	(10,677,245)	(10,976,000)	298,754	-2.72%
Corporate Services	(23,595,566)	(20,978,000)	(2,617,566)	12.48%
Community and Public Safety				
Community and Social Services	(5,652,971)	(5,613,000)	(39,971)	0.71%
Sport and Recreation	(9,056,743)	(10,595,000)	1,538,257	-14.52%
Public Safety	(7,478,352)	(5,458,000)	(2,020,352)	37.02%
Housing	(868,759)	(1,003,999)	135,240	-13.47%
Health	-	-	-	
Economic and Environmental Services				
Planning and Development	(3,118,844)	(3,305,000)	186,156	-5.63%
Road Transport	(23,152,074)	(24,160,000)	1,007,926	-4.17%
Environmental Protection	-	-	-	
Trading Services				
Electricity	(74,256,469)	(73,128,000)	(1,128,469)	1.54%
Water	(15,081,789)	(15,465,999)	384,210	-2.48%
Waste Water Management	(6,768,321)	(8,439,000)	1,670,679	-19.80%
Waste Management	(15,012,031)	(14,989,001)	(23,030)	0.15%
Other			-	
Total Expenditure	**(210,588,603)**	**(211,775,999)**	**1,187,396**	**-0.56%**
Surplus/(Deficit) for the year	**22,264,759**	**23,073,501**	**(808,742)**	**-3.51%**

Details of material variances

Refer to note 46 for explanations.

		2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
45.2	**Capital Expenditure by Standard Classification**				
	Governance and Administration				
	Executive and council	19,268	19,729	(462)	-2.34%
	Budget and Treasury Office	448,453	448,553	(100)	-0.02%
	Corporate Services	1,109,271	603,018	506,253	83.95%
	Community and Public Safety				
	Community and Social Services	229,766	305,000	(75,234)	-24.67%
	Sport and Recreation	844,728	920,350	(75,623)	-8.22%
	Public Safety	27,751	65,632	(37,881)	-57.72%
	Housing	6,647,455	7,471,000	(823,545)	-11.02%
	Health	-	-	-	
	Economic and Environmental Services				
	Planning and Development	30,217	28,548	1,669	5.85%
	Road Transport	1,847,895	1,865,700	(17,805)	-0.95%
	Environmental Protection	-	-	-	
	Trading Services				
	Electricity	554,811	445,000	109,811	24.68%
	Water	425,981	3,609,000	(3,183,019)	-88.20%
	Waste Water Management	17,021,026	15,922,000	1,099,026	6.90%
	Waste Management	4,088	4,100	(12)	-0.30%
	Other		-	-	
	Total Capital Expenditure	**29,210,711**	**31,707,630**	**(2,496,919)**	**-7.87%**
	Details of material variances				
	Refer to note 46 for explanations.				
45.3	**Operational Budget by Municipal Vote**				
	Revenue - Vote				
	Municipal Manager	26,094,099	26,092,000	2,099	0.01%
	Executive and Council	26,094,099	26,092,000	2,099	0.01%
	Municipal Manager	-	-	-	
	Director: Finance	52,426,431	52,110,000	316,431	0.61%
	Budget and Treasury Office	52,426,431	52,110,000	316,431	0.61%
	Director: Corporate Services	15,404,070	12,490,500	2,913,570	23.33%
	Administration	87,313	7,500	79,813	1064.17%
	Community Services	-	-	-	
	Fire	-	2,000	(2,000)	-100.00%
	Holiday Resorts	3,001,381	2,714,000	287,381	10.59%
	Human Resources	1,402,832	1,871,000	(468,168)	-25.02%
	Library	4,077,717	4,066,000	11,717	0.29%
	Museum	-	-	-	
	Planning and Development	300,555	200,000	100,555	50.28%
	Traffic	3,406,888	880,000	2,526,888	287.15%
	Vehicle Licencing	3,127,384	2,750,000	377,384	13.72%
	Director: Technical Services	138,928,762	144,157,000	(5,228,238)	-3.63%
	Building Control	459,934	401,000	58,934	14.70%
	Cemetery	249,469	230,000	19,469	8.46%
	Community Parks	-		-	
	Council Properties & Buildings	660,101	330,000	330,101	100.03%
	Electricity	71,222,023	73,127,000	(1,904,977)	-2.61%
	Electricity Streetlights	-	-	-	
	Housing	6,175,664	7,554,000	(1,378,336)	-18.25%
	Refuse Removal and Dumping	14,091,811	12,726,000	1,365,811	10.73%
	Roads and Storm water	1,061,895	1,079,000	(17,105)	-1.59%
	Sewerage	24,793,205	25,695,380	(902,175)	-3.51%
	Sport grounds & Swimming Pools	440,563	429,000	11,563	2.70%
	Storm water Management	-		-	
	Water	19,774,097	22,585,620	(2,811,523)	-12.45%
	Total Revenue	**232,853,362**	**234,849,500**	**(1,996,138)**	**-0.85%**

	2014 Actual R	2014 Budget R	2014 Variance R	2014 Variance %
Expenditure - Vote				
Municipal Manager	(15,869,439)	(17,665,000)	1,795,561	-10.16%
Executive and Council	(15,869,439)	(17,665,000)	1,795,561	-10.16%
Director: Finance	(10,677,245)	(10,976,000)	298,754	-2.72%
Budget and Treasury Office	(10,677,245)	(10,976,000)	298,754	-2.72%
Director: Corporate Services	(35,454,746)	(30,669,000)	(4,785,746)	15.60%
Administration	(5,495,848)	(5,850,000)	354,152	-6.05%
Community Services	(1,462,136)	(1,302,000)	(160,136)	12.30%
Fire	(327,987)	(439,000)	111,013	-25.29%
Holiday Resorts	(2,951,418)	(3,541,000)	589,582	-16.65%
Human Resources	(11,159,649)	(7,588,000)	(3,571,649)	47.07%
Library	(4,002,990)	(4,085,000)	82,010	-2.01%
Planning and Development	(1,877,581)	(1,995,000)	117,419	-5.89%
Traffic	(7,150,365)	(5,019,000)	(2,131,365)	42.47%
Vehicle Licencing	(1,026,771)	(850,000)	(176,771)	20.80%
Director: Technical Services	(148,587,173)	(152,466,000)	3,878,827	-2.54%
Building Control	(1,241,263)	(1,310,000)	68,737	-5.25%
Cemetery	(187,844)	(226,000)	38,156	-16.88%
Community Parks	(4,450,720)	(4,679,000)	228,281	-4.88%
Council Properties & Buildings	(6,940,069)	(7,540,000)	599,932	-7.96%
Electricity	(74,256,469)	(73,128,000)	(1,128,469)	1.54%
Housing	(868,759)	(1,003,999)	135,240	-13.47%
Refuse Removal and Dumping	(15,012,031)	(14,989,001)	(23,030)	0.15%
Roads and Storm water	(22,125,303)	(23,310,000)	1,184,696	-5.08%
Sewerage	(6,088,115)	(7,630,000)	1,541,885	-20.21%
Sport grounds & Swimming Pools	(1,654,606)	(2,375,000)	720,394	-30.33%
Storm water Management	(680,206)	(809,000)	128,794	-15.92%
Water	(15,081,789)	(15,465,999)	384,210	-2.48%
Total Expenditure	**(210,588,603)**	**(211,775,999)**	**1,187,396**	-0.56%
Surplus/(Deficit) for the year	**22,264,759**	**23,073,501**	**(808,742)**	**-3.51%**

Details of material variances

Refer to note 46 for explanations.

45.4 Capital Expenditure by Municipal Vote

Municipal Manager	19,268	19,729	(462)	-2.34%
Executive and council	-	-	-	100.00%
Municipal Manager	19,268	19,729	(462)	-2.34%
Director: Finance	448,453	448,553	(100)	-0.02%
Budget and Treasury Office	448,453	448,553	(100)	-0.02%
Director: Corporate Services	1,577,990	1,036,348	541,642	52.26%
Administration	1,016,245	388,798	627,447	161.38%
Community Services	62,482	63,000	(518)	-0.82%
Fire	27,751	65,632	(37,881)	-57.72%
Holiday Resorts	282,521	329,200	(46,679)	-14.18%
Human Resources	12,170	12,170	(0)	0.00%
Library	146,604	149,000	(2,396)	-1.61%
Planning and Development	30,217	28,548	1,669	5.85%
Traffic	-	-	-	100.00%
Director: Technical Services	27,165,001	30,203,000	(3,037,999)	-10.06%
Cemetery	2,044	13,000	(10,956)	-84.28%
Community Parks	153,119	182,050	(28,931)	-15.89%
Council Properties & Buildings	99,492	282,050	(182,558)	-64.73%
Electricity	554,811	445,000	109,811	24.68%
Housing	6,647,455	7,471,000	(823,545)	-11.02%
Refuse Removal and Dumping	4,088	4,100	(12)	-0.30%
Roads and Storm water	1,847,895	1,865,700	(17,805)	-0.95%
Sewerage	16,915,947	15,813,000	1,102,947	6.97%
Sport grounds & Swimming Pools	409,088	409,100	(12)	0.00%
Storm water Management	105,079	109,000	(3,921)	-3.60%
Water	425,981	3,609,000	(3,183,019)	-88.20%
Total Capital Expenditure	**29,210,711**	**31,707,630**	**(2,496,919)**	-7.87%

Details of material variances

Refer to note 46 for explanations.

		2014 R	2013 R

46. BUDGET INFORMATION

46.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

Statement of Financial Position

46.2.1 Current Assets

Cash

Cash available were much higher than anticipated due to unspent grants and borrowings i.r.o. 2014/2015 financial year.

Call Investment Deposits

Cash available were much higher than anticipated due to unspent grants and borrowings i.r.o. 2014/2015 financial year.

Consumer Debtors

Increase in tariffs and non-payment of availability fees.

Other Debtors

Increase in prepaid expenses and debtor: fines.

Current Portion of long-term receivables

Increase in debtors with repay-arrangements.

46.2.2 Non-Current Assets

Long-term receivables

Increase in debtors with repay-arrangements.

Investment Property

Variance due to adjustments made for property sold.

Intangible Assets

Capital Budget not fully spent.

46.2.3 Current Liabilities

Borrowing

Increase due to increase in unamortised discount and external loans i.r.o 2014/2015 financial year.

Consumer Deposits

Increase in consumers.

Trade and Other Payables

Decrease due to repayment of creditors as a result of additional income received.

Provisions

Decrease due to write-off of Cape Joint Pension Fund provision.

46.2.4 Non-Current Liabilities

Borrowing

Increase due to increase in unamortised discount and external loans i.r.o 2014/2015 financial year.

46.2.5 Net Assets

Accumulated Surplus/(Deficit)

Net effect of all other adjustments.

Reserves

Decrease in contributions to Capital Replacement Reserve.

Statement of Financial Performance

46.2.6 Revenue

Service Charges - Refuse Revenue

The variance is as the result of an increase in revenue from households and refuse removals at transfer stations.

Service Charges - Other Revenue

The variance is as the result of an increase in rental of buildings and holiday resorts facilities.

Rental of Facilities and Equipment

The variance is as the result of an increase in rental of buildings and usage of holiday resorts facilities.

Interest Earned - External Investments

Increase due to increase in cash and cash equivalents.

Interest Earned - Outstanding Debtors

Increase due to the decrease in debtor payments.

Fines

Change in accounting treatment of IGRAP 1 - Probability of Revenue

Licences and Permits

The variance is the result of an increase in the number of licenses and permits issued and a improvement in administrative processes relating to the issue of licenses and permits.

Agency Services

The variance is the result of an increase in the number of transactions processed on behalf of Provincial Government.

Other Revenue

Increase as a result of an increase of sale of land and insurance claims received.

Transfers Recognised - Capital

Variance due unspent portion of Municipal Infrastructure Grant on year-end.

46.2.7 Expenditure

Remuneration of Councillors

Back pay paid to councillors.

Debt Impairment

Increase due to provision for unpaid fines i.t.o. change in accounting standard (IGRAP 1) and increase of non-payment of availability fees.

Other Expenditure

Decrease in payments of insurance premium, telephone costs and membership fees.

Cash Flow Statement

46.2.8 Net Cash from Operating Activities

Interest

Increase due to increase in cash and cash equivalents.

Suppliers and Employees

Increase in cash resources of municipality.

Finance Charges

Decrease in interest paid on long-term liabilities.

46.2.9 Net Cash from Investing Activities

Proceeds on disposal of PPE

Assets sold during year.

Decrease/(Increase) in Other Non-Current Receivables

Increase in housing loans.

Capital Assets

Variance due unspent portion of Municipal Infrastructure Grant on year-end.

46.2.10 Net Cash from Financing Activities

Borrowing long term/refinancing

Additional loans raised during the year.

Increase/(Decrease) in Consumer Deposits

Increase in consumers.

Repayment of Borrowing

Increase in repayment of long-term liabilities.

		2014 R	2013 R
47.	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
47.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	1,355,897	27,602,770
	Unauthorised expenditure current year - operational	4,785,746	708,783
	Unauthorised expenditure current year - capital	541,642	647,114
	Written off by Council on 15 April 2014	(1,355,897)	(27,602,770)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	**5,327,387**	**1,355,897**

		2014 R	2013 R
	Unauthorised expenditure can be summarised as follow:		

Incident		Disciplinary steps/criminal proceedings		
Over expenditure of approved operating budget - 2013		*None*	-	708,783
Over expenditure of approved capital budget - 2013		*None*	-	647,114
Over expenditure of approved operating budget - 2014		*None*	4,785,746	-
Over expenditure of approved capital budget - 2014		*None*	541,642	-
			5,327,387	1,355,897

47.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	**-**	**-**

Fruitless and wasteful expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
None		*None*	-	-
			-	**-**

		2014 R	2013 R
47.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	615,550	1,494,855
	Irregular expenditure current year	-	615,550
	Expenditure authorised i.t.o. Section 32 of MFMA	-	-
	Written off by Council on 15 April 2014	(615,550)	(1,494,855)
	Transfer to receivables for recovery - not condoned	-	-
	Irregular expenditure awaiting further action	**-**	**615,550**

Irregular expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
3 Quotes were not obtained as required by Supply Chain Management Policy. Reasons for not obtaining 3 quotes were not documented.		*None*	-	55,227
Suppliers without conflict of interest forms.		*None*	-	91,221
Deviation not approved by Municipal Manager		*None*	-	2,451
Order issued before supplier sign conflict of interest form.		*None*	-	466,651
			-	**615,550**

48. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

48.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	-	-
Council subscriptions	875,779	682,662
Amount paid - current year	(875,779)	(682,662)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

48.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	-	
Current year audit fee	2,876,133	2,580,834
External Audit - Auditor-General	2,803,744	2,504,076
Audit Committee	72,389	76,758
Amount paid - current year	(2,870,817)	(2,580,834)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	**5,317**	**-**

48.3 VAT - [MFMA 125 (1)(c)]

Opening balance	(277)	908,985
Amounts received - current year	1,383,658	1,058,561
Amounts claimed - current year	5,395,390	2,142,308
Amount paid - current year	(2,393,046)	(3,201,145)
Amount paid - previous year	-	(908,985)
Closing balance	**4,385,725**	**(277)**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

48.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	341	-
Current year payroll deductions	8,963,023	8,929,010
Amount paid - current year	(8,963,023)	(8,928,669)
Amount paid - previous year	(341)	
Balance unpaid (included in creditors)	**-**	**341**

		2014 R	2013 R
48.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	19,074,983	17,810,911
	Amount paid - current year	(19,074,983)	(17,810,911)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	**-**	**-**

48.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillor had arrear accounts for more than 90 days as at 30 June 2014:

	Outstanding more than 90 days
SR Claassen	733

The following Councillor had arrear accounts outstanding for more than 90 days during the year:

	90+ Days	120+ Days
SR Claassen		
July 2013	274	-
August 2013	430	274
December 2013	359	
January 2014	400	359
February 2014	389	759
May 2014	332	
June 2014	401	332

48.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

		Type of Deviation			
	Amount	Single Supplier	Minor Offense	Impossible/ Impractical	Emergency
July	479,769	7	2	7	2
August	343,973	3	-	7	2
September	649,054	2	2	4	2
October	502,177	4	5	4	2
November	258,871	9	4	3	3
December	129,464	1	1	4	-
January	482,686	4	4	3	3
February	806,230	1	5	7	3
March	5,915,472	3	1	3	-
April	462,591	4	7	1	3
May	753,798	6	5	1	2
June	298,807	2	3	5	3
	11,082,892	46	39	49	25

48.8 The following suppliers did not indicated that a member is in service of the state as required by section 13 (c)(i) of the Supply Chain Management Regulations:

Service provider	Name of member	State Department	Contract
Windsor Hotel	Luyanda Lungelwa Tsipa	E C Development Corporation	2,400
Lateral Unison Insurance Brokers	Nomzamo Winfred Mandela	Parliament	838,427

		2014 R	2013 R
48.9	**Material losses**		
	Electricity distribution losses		
	Units purchased (Kwh)	77,236,807	75,721,651
	Units lost during distribution (Kwh)	8,246,380	10,022,999
	Percentage lost during distribution	10.68%	13.24%
	Distribution loss (Rand Value)	5,525,899	6,408,705
	Water distribution losses		
	Units purchased (ml)	2,285,457	2,368,226
	Units lost during distribution (ml)	172,984	238,938
	Percentage lost during distribution	7.57%	10.09%
	Distribution loss (Rand Value)	657,339	888,849

		2014 R	2013 R
49.	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	2,840,363	17,943,342
	Infrastructure	2,840,363	17,943,342
	Community	-	-
	Other	-	-
	Total	**2,840,363**	**17,943,342**
	This expenditure will be financed from:		
	External Loans	-	-
	Capital Replacement Reserve	-	-
	Government Grants	2,840,363	17,943,342
	Own Resources	-	-
	District Council Grants	-	-
	Total	**2,840,363**	**17,943,342**

50. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2014 R	2013 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2013: 1%) Increase in interest rates	(200,592)	(367,065)
1% (2013: 1%) Decrease in interest rates	200,592	367,065

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

	2014 %	2014 R	2013 %	2013 R
The debtors per age analysis could be summarised as follows:				
Assessment Rates	20.25%	12,803,288	19.99%	10,715,805
Consumer Deposit	-0.07%	(44,318)	-0.06%	(30,638)
Electricity	17.23%	10,892,471	15.05%	8,067,038
General Debit/Credit	-2.25%	(1,420,973)	-1.96%	(1,049,463)
Handed Over	21.46%	13,567,811	25.25%	13,534,483
House Purchase	-0.01%	(5,724)	0.07%	36,649
Housing	0.14%	89,030	0.17%	91,435
Legal Fees	0.78%	494,962	1.19%	636,845
Loan Arrangement	6.03%	3,811,296	6.29%	3,369,114
Refuse Removal	14.08%	8,897,938	13.19%	7,070,577
Service Balances	0.11%	71,577	0.20%	109,817
Sewerage Charge	9.19%	5,810,357	8.29%	4,441,910
Sundries	1.14%	722,150	1.28%	688,541
Water	11.90%	7,523,610	11.04%	5,919,312
Total	**100.00%**	**63,213,474**	**100.00%**	**53,601,426**

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 16 for balances included in receivables that were re-negotiated for the period under review.

	2014 %	2014 R	2013 %	2013 R
Non-exchange Receivables				
Rates	100.00%	26,371,098	100.00%	24,250,288
Exchange Receivables				
Electricity	29.16%	10,892,471	27.48%	8,067,038
Water	20.14%	7,523,610	20.17%	5,919,312
Housing Rentals	0.22%	83,306	0.44%	128,084
Refuse	23.82%	8,897,938	24.09%	7,070,577
Sewerage	15.56%	5,810,357	15.13%	4,441,910
Other	11.09%	4,143,088	12.69%	3,724,217
	100.00%	37,350,769	100.00%	29,351,138

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2014 %	2014 R	2013 %	2013 R
Non-exchange Receivables				
Rates	65.13%	10,635,338	55.91%	6,676,104
Exchange Receivables				
Services	34.87%	5,694,238	44.09%	5,265,546
	100.00%	16,329,576	100.00%	11,941,650

Ageing of amounts past due but not impaired are as follow:	**Exchange Receivables**	**Non-exchange Receivables**
2014		
1 month past due	4,084,135	3,784,949
2+ months past due	19,345,214	8,165,862
	23,429,349	11,950,811
2013		
1 month past due	2,516,636	2,923,240
2+ months past due	14,795,663	11,727,703
	17,312,299	14,650,943

Bad debts written-off per receivable class:

	2014 %	2014 R	2013 %	2013 R
Non-exchange Receivables				
Rates	0.00%	-	0.00%	-
Exchange Receivables				
Services	2.01%	328,927	7.66%	914,194
	2.01%	328,927	7.66%	914,194

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA Bank Limited). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Long-term Receivables	3,829,740	3,398,799
Receivables from exchange transactions	42,300,386	34,910,395
Receivables from non-exchange transactions	30,736,725	24,624,352
Cash and Cash Equivalents	33,703,566	11,338,987
	110,570,417	74,272,533

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2014	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	10,313,760	34,550,210	66,759,498	-
Provision for Rehabilitation of Landfill-sites	28,185,187	6,168,042	2,760,956	-
Trade and Other Payables	19,510,899	-	-	-
	58,009,847	40,718,252	69,520,454	-

2013	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
Long-term Liabilities	9,221,471	30,514,714	69,816,484	-
Provision for Rehabilitation of Landfill-sites	26,589,799	6,701,539	3,666,776	156,071
Trade and Other Payables	18,428,271	-	-	-
	54,239,541	37,216,253	73,483,260	156,071

			2014 R	2013 R
51.	**FINANCIAL INSTRUMENTS**			
	In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
51.1	**Financial Assets**	**Classification**		
	Long-term Receivables			
	Receivables with repay arrangements	Financial Instruments at amortised cost	3,532,713	3,272,426
	Sport Club Loans	Financial Instruments at amortised cost	-	12,464
	Housing Loans	Financial Instruments at amortised cost	297,028	113,909
	Receivables from Exchange Transactions			
	Electricity	Financial Instruments at amortised cost	10,892,471	8,067,038
	Water	Financial Instruments at amortised cost	7,523,610	5,919,312
	Housing Rentals	Financial Instruments at amortised cost	83,306	128,084
	Refuse	Financial Instruments at amortised cost	8,897,938	7,070,577
	Sewerage	Financial Instruments at amortised cost	5,810,357	4,441,910
	Other Arrears	Financial Instruments at amortised cost	9,092,704	9,283,912
	Cash and Cash Equivalents			
	Bank Balances	Financial Instruments at amortised cost	18,691,751	11,338,987
	Call Deposits	Financial Instruments at amortised cost	15,011,815	-
	Total Financial Assets		**79,833,692**	**49,648,619**
	Financial Instruments at amortised cost:			
	Investments	Fixed Deposits	-	-
	Long-term Receivables	Receivables with repay arrangements	3,532,713	3,272,426
	Long-term Receivables	Sport Club Loans	-	12,464
	Long-term Receivables	Housing Loans	297,028	113,909
	Receivables from Exchange Transactions	Electricity	10,892,471	8,067,038
	Receivables from Exchange Transactions	Water	7,523,610	5,919,312
	Receivables from Exchange Transactions	Housing Rentals	83,306	128,084
	Receivables from Exchange Transactions	Refuse	8,897,938	7,070,577
	Receivables from Exchange Transactions	Sewerage	5,810,357	4,441,910
	Receivables from Exchange Transactions	Other Arrears	9,092,704	9,283,912
	Cash and Cash Equivalents	Bank Balances	18,691,751	11,338,987
	Cash and Cash Equivalents	Call Deposits	15,011,815	-
			79,833,692	49,648,619
	Total Financial Assets		**79,833,692**	**49,648,619**
51.2	**Financial Liabilities**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	Financial Instruments at amortised cost	53,246,092	47,819,689
	Capitalised Lease Liability	Financial Instruments at amortised cost	516,674	225,755
	Trade and Other Payables			
	Trade Creditors	Financial Instruments at amortised cost	10,688,631	8,840,702
	Payments received in advance	Financial Instruments at amortised cost	2,501,947	1,801,172
	Retentions	Financial Instruments at amortised cost	1,655,042	74,944
	Sundry Deposits	Financial Instruments at amortised cost	3,984,235	5,650,652
	Other Creditors	Financial Instruments at amortised cost	636,977	524,481
			73,229,598	64,937,394
	SUMMARY OF FINANCIAL LIABILITIES			
	Financial instruments at amortised cost:			
	Long-term Liabilities	Annuity Loans	53,246,092	47,819,689
	Long-term Liabilities	Capitalised Lease Liability	516,674	225,755
	Trade and Other Payables	Trade Creditors	10,688,631	8,840,702
	Trade and Other Payables	Payments received in advance	2,501,947	1,801,172
	Trade and Other Payables	Retentions	1,655,042	74,944
	Trade and Other Payables	Sundry Deposits	3,984,235	5,650,652
	Trade and Other Payables	Other Creditors	636,977	524,481
			73,229,598	**64,937,394**

52. EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

53. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

54. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

55. CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

56. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

56.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2014				
Councillors				
SR Claassen	851	3,754	135	2,306
SM Crafford	-	12,514	26	867
A de Vries	-	11,237	-	-
WJ Dirks	3,489	7,113	0	822
EB Manuel	1,872	14,915	10	1,364
JA Raats	10,893	23,584	42	2,968
SIJ Smit	3,404	27,259	202	4,139
	20,509	**100,376**	**414**	**12,466**
Municipal Manager and Section 57 Employees				
Adv H Linde	-	8,632	-	422
JA van Niekerk	9,191	12,695	-	1,768
JWA Kotzee	-	3,291	-	274
H Krohn	-	25,536	-	1,488
	9,191	**50,155**	**-**	**3,951**

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2013				
Councillors				
SR Claassen	1,576	3,476	115	1,566
SM Crafford	-	10,869	6	804
A de Vries	-	28,871	(740)	2,512
WJ Dirks	2,837	5,648	-	769
EB Manuel	1,418	13,768	40	1,241
JA Raats	6,978	21,271	33	2,162
SIJ Smit	3,952	24,780	163	3,031
	16,761	**108,683**	**(383)**	**12,084**
Municipal Manager and Section 57 Employees				
Adv H Linde	-	2,196	2	552
C Liebenberg (former Municipal Manager)	8,116	9,922	-	-
JA van Niekerk	7,447	10,035	-	1,588
JWA Kotzee	-	3,048	5	254
D Lambrechts	1,891	5,519	17	-
H Krohn	-	5,555	6	1,394
	17,454	**36,275**	**30**	**3,788**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

56.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

56.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

		2014 R	2013 R
Councillor/Staff Member	Entity		
JJ van Zyl & J van Zyl	V2 Elektries	-	5,990
		-	**5,990**

57. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

Going concern assumption is based on the following:

Financial Indicators

The current ratio increased to 2,34:1 from 1,98:1 in the prior year.

The municipality have budgeted for a surplus of R32 368 596 for the 2014/2015 financial year and surpluses of R24 915 869 and R21 976 310 for the 2015/2016 and 2016/2017 years respectively.

Cash and Cash Equivalents have increased during the year.

APPENDIX A
BERGRIVIER MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2013	Correction of Error	Received during the period	Redeemed/ written off during the period	Balance at 30 June 2014
LONG-TERM LOANS								
DBSA	15.00%	61001254	2018/06/30	1,077,552	-	-	(215,396)	862,156
DBSA	13.00%	61001020	2016/03/31	551,596	-	-	(161,210)	390,386
DBSA	9.98%	61000584	2016/12/31	1,324,325	-	-	(437,708)	886,617
DBSA	10.80%	61000234	2014/06/30	415,377	-	-	(415,377)	-
INCA	9.44%		2015/06/30	544,419	-	-	(259,664)	284,755
DBSA	13.23%	61002920	2015/06/30	623,832	-	-	(350,252)	273,579
DBSA	16.50%	61003131	2020/12/31	750,410	-	-	(79,381)	671,029
DBSA	14.00%	61001189	2017/09/30	704,117	-	-	(121,651)	582,467
DBSA	11.70%	61003268	2016/06/30	378,330	-	-	(144,050)	234,280
DBSA	9.94%	61000585	2013/12/31	286,961	-	-	(286,961)	-
Nedbank	11.27%	05/7831032282	2023/06/12	3,900,000	-	-	(230,295)	3,669,705
DBSA	9.86%	61000757	2018/12/31	4,596,112	-	-	(915,166)	3,680,946
DBSA	12.41%	61001029	2030/06/30	16,854,924	-	-	(471,690)	16,383,234
DBSA	11.53%	61006811	2031/06/30	3,954,968	-	-	(106,274)	3,848,693
DBSA	11.59%	61006837	2036/06/30	8,901,103	-	-	(129,861)	8,771,242
DBSA	11.33%	61006975	2032/06/30	2,955,664	-	1,000,000	(64,661)	3,891,003
Standard Bank	11.48%	252933753	2024/06/30	-	-	6,816,000	-	6,816,000
Standard Bank	11.44%	252933737	2019/06/30	-	-	2,000,000	-	2,000,000
Total Long-term Loans				47,819,689	-	9,816,000	(4,389,597)	53,246,093
LEASE LIABILITY								
Cellphones and Modems		Various		145,931	-	20,997	(76,725)	90,203
Telephone Systems		Various		79,825	-	606,845	(260,198)	426,471
Total Lease Liabilities				225,755	-	627,842	(336,923)	516,674
TOTAL EXTERNAL LOANS				48,045,445	-	10,443,842	(4,726,520)	53,762,767

APPENDIX B

BERGRIVIER MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

GENERAL FINANCE STATISTIC CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
24,068,542	(13,034,517)	11,034,025	Executive & Council	26,094,099	(15,869,439)	10,224,660
42,787,630	(10,508,891)	32,278,739	Budget & Treasury Office	52,426,431	(10,677,245)	41,749,185
736,671	(19,888,886)	(19,152,215)	Corporate Services	2,150,246	(23,595,566)	(21,445,321)
545,376	(2,522,714)	(1,977,339)	Planning & Development	760,489	(3,118,844)	(2,358,355)
		-	Health	-	-	-
3,922,035	(5,866,747)	(1,944,712)	Community & Social Services	4,327,186	(5,652,971)	(1,325,784)
875,703	(1,739,491)	(863,788)	Housing	6,175,664	(868,759)	5,306,904
542,680	(4,517,912)	(3,975,232)	Public Safety	3,406,888	(7,478,352)	(4,071,464)
2,796,970	(8,424,436)	(5,627,466)	Sport and Recreation	3,441,944	(9,056,743)	(5,614,799)
-	-	-	Environmental Protection	-	-	-
12,068,967	(12,104,137)	(35,170)	Waste Management	14,091,811	(15,012,031)	(920,219)
18,914,948	(6,627,546)	12,287,402	Waste Water Management	24,793,205	(6,768,321)	18,024,884
3,747,027	(21,068,985)	(17,321,958)	Road Transport	4,189,280	(23,152,074)	(18,962,794)
16,711,793	(14,916,225)	1,795,568	Water	19,774,097	(15,081,789)	4,692,308
67,739,293	(66,636,834)	1,102,459	Electricity	71,222,023	(74,256,469)	(3,034,446)
195,457,635	(187,857,320)	7,600,315	Sub Total	232,853,362	(210,588,603)	22,264,759
-	-	-	Less Inter-Departmental Charges	-	-	-
195,457,635	(187,857,320)	7,600,315	**Total**	232,853,362	(210,588,603)	22,264,759

APPENDIX C
BERGRIVIER MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2014
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/ Impairment	Closing Balance	
Executive & Council	112,696,126	2,413,991	241,572	-	(865,737)	114,485,952	22,775,994	(154,803)	4,305,997	(937,480)	25,989,709	88,496,244
Budget & Treasury Office	3,583,946	(18,586)	785,203	-	(15,247)	4,335,316	1,561,474	-	622,857	(17,600)	2,166,732	2,168,584
Corporate Services	589,619	-	627,842	-	(411,674)	805,787	389,779	-	282,107	(355,823)	316,063	489,724
Planning & Development	19,254	-	-	-	-	19,254	7,281	-	3,851	-	11,132	8,123
Health	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	12,001,278	(717,189)	683,100	-	8,229	11,975,418	3,206,573	(69,157)	558,401	(2,088)	3,693,729	8,281,689
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	1,453,196	(56,603)	27,751	-	(6,509)	1,417,836	365,013	-	236,424	(36,904)	564,534	853,302
Sport & Recreation	21,725,756	-	430,119	-	2,198	22,158,073	5,790,745	-	755,166	256	6,546,167	15,611,906
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	27,793,545	-	-	-	(50,602)	27,742,943	14,570,857	-	1,511,681	(666)	16,081,873	11,661,070
Waste Water Management	51,412,383	-	16,847,305	-	-	68,259,687	8,132,186	-	1,738,199	-	9,870,385	58,389,302
Road Transport	53,848,678	(967,971)	1,965,836	6,647,455	(161,372)	61,332,626	16,441,281	(271,923)	2,403,594	262,495	18,835,446	42,497,180
Water	44,372,297	(1,052)	427,980	-	-	44,799,225	11,304,324	-	1,365,498	(421)	12,669,401	32,129,824
Electricity	39,562,612	(83)	526,549	-	-	40,089,078	10,836,958	-	1,151,536	(33)	11,988,461	28,100,618
	369,058,691	652,508	22,563,256	6,647,455	(1,500,715)	397,421,196	95,382,465	(495,882)	14,935,312	(1,088,264)	108,733,630	288,687,565

APPENDIX D
BERGRIVIER MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
MUNICIPAL VOTES CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
			Municipal Manager			
24,068,542	(13,034,517)	11,034,025	Council	26,094,099	(15,869,439)	10,224,660
-	-	-	Municipal Manager	-	-	-
			Director: Finance			
42,787,630	(10,508,891)	32,278,739	Financial Administration	52,426,431	(10,677,245)	41,749,185
-	-	-	IT Administration	-	-	-
			Director: Corporate Services			
6,960	(5,360,082)	(5,353,122)	Administation	87,313	(5,495,848)	(5,408,535)
-	(2,023,863)	(2,023,863)	Community Services	-	(1,462,136)	(1,462,136)
-	(80,932)	(80,932)	Fire	-	(327,987)	(327,987)
2,668,220	(2,556,696)	111,524	Holiday Resorts	3,001,381	(2,951,418)	49,964
324,236	(7,754,153)	(7,429,918)	Human Resources	1,402,832	(11,159,649)	(9,756,817)
3,687,873	(3,587,108)	100,765	Library	4,077,717	(4,002,990)	74,726
-	-	-	Museum	-	-	-
159,560	(1,519,673)	(1,360,113)	Planning and Development	300,555	(1,877,581)	(1,577,026)
542,680	(4,436,980)	(3,894,300)	Traffic	3,406,888	(7,150,365)	(3,743,477)
2,791,245	(577,026)	2,214,218	Vehicle Licencing	3,127,384	(1,026,771)	2,100,614
			Director: Technical Services			
385,816	(1,003,041)	(617,226)	Building Control	459,934	(1,241,263)	(781,329)
225,116	(255,776)	(30,661)	Cemetery	249,469	(187,844)	61,626
-	(4,155,769)	(4,155,769)	Community Parks	-	(4,450,720)	(4,450,720)
414,523	(6,774,651)	(6,360,128)	Council Properties & Buildings	660,101	(6,940,069)	(6,279,968)
67,739,293	(66,335,222)	1,404,071	Electricity	71,222,023	(74,033,306)	(2,811,283)
-	(301,612)	(301,612)	Electricity Streetlights	-	(223,164)	(223,164)
875,703	(1,739,491)	(863,788)	Housing	6,175,664	(868,759)	5,306,904
12,068,967	(12,104,137)	(35,170)	Refuse Removal and Dumping	14,091,811	(15,012,031)	(920,219)
955,782	(20,491,958)	(19,536,177)	Roads and Stormwater	1,061,895	(22,125,303)	(21,063,408)
18,914,948	(5,762,505)	13,152,443	Sewerage	24,793,205	(6,088,115)	18,705,089
128,750	(1,711,971)	(1,583,221)	Sportgrounds & Swimming Pools	440,563	(1,654,606)	(1,214,043)
-	(865,041)	(865,041)	Stormwater Management	-	(680,206)	(680,206)
16,711,793	(14,916,225)	1,795,568	Water	19,774,097	(15,081,789)	4,692,308
195,457,635	(187,857,320)	7,600,315	Sub Total	232,853,362	(210,588,603)	22,264,759
-	-	-	Less Inter-Departmental Charges	-	-	-
195,457,635	(187,857,320)	7,600,315	**Total**	232,853,362	(210,588,603)	22,264,759

APPENDIX E

BERGRIVIER MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2013	Correction of Error	Restated Balance 30 June 2013	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2014	Unspent 30 June 2014 (Creditor)	Unpaid 30 June 2014 (Debtor)
National Government Grants											
Equitable Share	(2,309,000)	2,309,000	-	24,815,000	-	-	(24,815,000)	-	-	-	-
Finance Management Grant	-	-	-	1,300,000	-	-	(1,283,598)	(16,402)	-	-	-
Municipal System Improvement Grant	-	-	-	890,000	-	-	(742,064)	(147,936)	-	-	-
Municipal Infrastructure Grant	-	-	-	21,331,000	-	-	-	(16,475,183)	4,855,817	4,855,817	-
Expanded Public Works Programme	-	-	-	1,000,000	-	-	(1,000,000)	-	-	-	-
Total National Government Grants	**(2,309,000)**	**2,309,000**	**-**	**49,336,000**	**-**	**-**	**(27,840,662)**	**(16,639,521)**	**4,855,817**	**4,855,817**	**-**
Provincial Government Grants											
Housing	(161,702)	-	(161,702)	8,211,833	-	-	-	(6,101,678)	1,948,452	1,948,452	-
CDW Contribution	-	-	-	32,800	-	-	(32,800)	-	-	-	-
Housing Consuming Education	31,842	-	31,842	-	-	-	(25,693)	(1,670)	4,478	4,478	-
Finance Management Grant	101,942	16,651	118,593	1,050,000	-	-	(938,119)	(14,163)	216,310	216,310	-
Proclaimed Roads	-	-	-	53,000	-	-	(53,000)	-	-	-	-
Development of Sport and Recreation	-	-	-	405,000	-	-		(405,000)	-	-	-
Mandela Memorialisation Support Grant	-	-	-	100,000	-	-	(100,000)		-	-	-
Library Services	-	-	-	4,018,000	-	-	(3,871,396)	(146,604)	-	-	-
Total Provincial Government Grants	**(27,919)**	**16,651**	**(11,268)**	**13,870,633**	**-**	**-**	**(5,021,008)**	**(6,669,116)**	**2,169,241**	**2,169,241**	**-**
District Municipality											
West Coast DM - LED	46,952	-	46,952	-	-	-	(4,800)	-	42,152	42,152	-
Total District Municipality Grants	**46,952**	**-**	**46,952**	**-**	**-**	**-**	**(4,800)**	**-**	**42,152**	**42,152**	**-**
Other Grant Providers											
Lotto: Piketberg Sport Field	(535,154)	42,154	(493,000)	493,000	-	-	-	-	-	-	-
Total Other Grant Providers	**(535,154)**	**42,154**	**(493,000)**	**493,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Grants	(2,825,121)	2,367,805	(457,316)	63,699,633	-	-	(32,866,470)	(23,308,637)	7,067,210	7,067,210	-

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received.